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**MAIN ABBREVIATIONS AND ACRONYMS**

|         |   |
|---------|---|
| ADDCN   | Association of District Development Committees of Nepal               |
| APM     | All Party Mechanism   |
| ASIP    | Annual Strategic Implementation Plan                                  |
| AWPB    | Annual Work Plan and Budget   |
| BUP     | Bottom-up planning  |
| CA      | Constituent Assembly  |
| DC      | District Council  |
| DDC     | District Development Committee  |
| DEC     | District Education Committee  |
| DEO     | District Education Office   |
| DEP     | District Education Plan   |
| DG      | Director General  |
| DoE     | Department of Education   |
| DoLIDAR | Department of Local Infrastructure Development and Agricultural Roads |
| DoR     | Department of Roads   |
| DPs     | Development Partners (Donors)   |
| DPP     | District Periodic Plan  |
| DRCN    | District Road Core Network  |
| DTCO    | District Treasury & Comptroller Office                                |
| DREC    | District Resource Estimation Committee                                |
| DTMP    | District Transport Master Plan  |
| DTO     | District Technical Office   |
| EC      | Education Committee   |
| ECD     | Early Childhood Development   |
| EO      | Executive Officer (in municipalities)                                 |
| FCGO    | Financial Comptroller General Office                                  |
| FRRAP   | Fiduciary Risk Reduction Action Plan                                  |
| FY      | Fiscal Year   |
| GESI    | Gender Equality and Social Inclusion                                  |
| GoN     | Government of Nepal   |
| INLOGOS | Institute of Local Government Studies                                 |
| IPFC    | Integrated Plan Formulation Committee                                 |
| IRAP    | Integrated Rural Accessibility Plan                                   |
| LB      | Local Body  |
| LDF     | Local Development Fee   |
| LDO     | Local Development Officer   |
| LGCDP   | Local Governance and Community Development Program                    |
| LIDP    | Local Infrastructure Development Policy                               |
| LM      | Line Ministry   |
| LRN     | Local Road Network  |
| LRUC    | Local Road User's Committee   |
| LSGA    | Local Self Governance Act   |
| LSGR    | Local Self Governance Regulations                                     |

|        |   |
|--------|---|
| LBFAR  | Local Body Financial Administration Rules                 |
| MC     | Municipal Council   |
| MC/PM  | Minimum Condition/Performance Measures                    |
| MEC    | Municipal Education Committee                             |
| MEP    | Municipal Education Plan                                  |
| MP     | Member of Parliament (CA members)                         |
| MoF    | Ministry of Finance                                       |
| MoFALD | Ministry of Federal Affairs and Local Development         |
| NER    | Net Enrolment Rate  |
| NGO    | Non-Governmental Organization                             |
| NPC    | National Planning Commission                              |
| NPR    | Nepali Rupee  |
| PCF    | Per Child Funding   |
| PRA    | Public Roads Act  |
| PTA    | Parent-Teacher Association                                |
| OAG    | Office of the Auditor General                             |
| OSR    | Own Source Revenue  |
| PIM    | Public Investment Management                              |
| RC     | Resource Center (Education)                               |
| RCIW   | Rural Community Infrastructure Works                      |
| RED    | Regional Education Directorate                            |
| RMOMG  | Resource Mobilization and Operation Management Guidelines |
| RP     | Resource Person   |
| RTI    | Rural Transport Infrastructure                            |
| SIP    | School Improvement Plan                                   |
| SMC    | School Management Committee                               |
| SRN    | Strategic Road Network                                    |
| SWAp   | Sector-Wide Approach                                      |
| SWOT   | Strengths, Weaknesses, Opportunities and Threats          |
| UC     | User Committee  |
| UNDP   | United Nations Development Programme                      |
| VC     | Village Council   |
| VDC    | Village Development Committee                             |
| VEC    | Village Education Committee                               |
| VEP    | Village Education Plan                                    |
| WB     | The World Bank  |
| WCF    | Ward Citizen Forum  |

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## EXECUTIVE SUMMARY

**1. The effectiveness of public service delivery depends in large part on the capability, resources and inputs, and the motivation of frontline service providers at the local level.** In Nepal a combination of de-concentrated line agencies and local bodies at the district, municipal, and village level provides inputs which are translated into delivery of service outputs and outcomes. Yet the relationships between line agencies and local bodies in service delivery are not well understood. This study seeks to map out the dynamics of service delivery at the local level through analysis of the institutional framework and actual practices in service delivery in 14 jurisdictions in the two districts of Dhankuta and Dhanusa. The study includes a detailed review of the provision of local roads networks and primary and lower secondary education.

### *Institutional Framework for Local Bodies*

**2. Nepal's approach to local government has historically emphasized local participation and empowerment rather than creating institutions for service delivery.** Over 50 years of sub-national governance reforms have yielded an administrative framework of local bodies (LBs) consisting of 75 District Development Committees (DDCs), 58 Municipalities and 3,915 Village Development Committees (VDCs). As the LBs' names indicate, their primary role is 'development', understood as carrying out small capital works, rather than local governments ensuring a mix of inputs for effective delivery of public services.

**3. LBs presently are run by centrally appointed civil servants.** Elected local body councils ceased to operate in 2002, at the height of Nepal's internal conflict. For the past 12 years seconded civil servants have been responsible for the day-to-day management of LBs, working with unelected councils consisting of representatives from line departments and other local stakeholders. For a short period LBs were required to consult with local representatives of political parties, but this practice was halted after allegations of corruption. Senior LB officers are seconded by the Ministry of Federal Affairs and Local Development (MoFALD), the central agency responsible for decentralization and local development issues.

**4. LBs' revenues have increased six-fold over the past six years without a corresponding overhaul of their institutional framework.** In contrast to other South Asian countries, Nepal's LBs account for a significant proportion of total public expenditure. Central government grants and transfers to them have accounted for 9 to 12% of total central government expenditures from FY 2009/10 to FY 2012/13.

**5. Coherence in legislation regarding functional assignments could be strengthened.** The 1999 Local Self Government Act (LSGA) assigns a wide range of functions including broad responsibilities in the education, roads, water, health, agriculture and other sectors. There is overlap between district and primary level VDC and municipality functions. Most important, the LSGA is not aligned with other Government legislation, particularly the Government of Nepal (Allocation of Business) Rules (2008, amended in 2009). The list of functions is thus a permitted list, rather than mandated responsibilities. LBs' functional responsibilities effectively follow a principle of 'supplementarity' to those of line agencies, rather than subsidiarity whereby responsibilities are assigned to the lowest level with sufficient capability.

**6. Local spending patterns in Dhankuta and Dhanusa show LB involvement in a wide range of sectors.** LBs in practice fulfil functions where there is no other entity involved – essentially vital events registration – or for which they receive earmarked grants, such as disbursements of social benefits. In addition to spending on core administration and projects dictated by earmarked grants, LBs fund small projects in a wide range of functional areas, including those which are not indicated in the LSGA, such as the police.

**7. LB revenues are dominated by intergovernmental transfers.** Own source revenues (OSR) account for a small and diminishing share of total LB revenues, dropping from 17.5% in FY 2006/07

to 13% in FY 2012/13. LB taxes are mostly nuisance taxes with limitations on setting rates and the tax base. At the same time there has been a six-fold increase in the size of intergovernmental fiscal transfers from FY 2006/7 to 2012/13, driven in part by an even larger eight-fold increase in transfers for social payments for the same period. Overall, the share of transfers in LBs' budgets has increased from 60% to 83% in the same period. Transfers range from mostly discretionary block grants to strictly earmarked transfers for social security and capital projects. VDCs and municipalities enjoy substantial discretion over roughly 50% of their total revenues; DDCs, on the other hand, are much more dependent on conditional grants, over which they have limited discretion.

**8. Planning for the use of LB resources is empowering to local communities but the process does not facilitate cohesive planning for service delivery.** LBs prepare five-year periodic plans which are to inform annual plans and budgets. Annual LB planning involves a bottom-up, fourteen-step process which is often not fully observed. The process has yielded significant involvement at the grassroots level, with 40% of LB financed projects originating via local Ward Citizen Forums, though there is indication of substantial influence on decision-making by local elites. Most importantly, decision-making is rarely informed by technical assessments or a holistic analysis of service needs. The LB planning cycle is not aligned with the national and deconcentrated line agency planning cycle; linkages between the two processes are *ad hoc*.

**9. The LB planning process and method of executing projects reflects a priority on widely spreading resources.** In Dhanusa and Dhankuta VDCs and municipalities annually fund dozens of small projects averaging as little as NPR 100,000 (US\$ 1,000). DDCs have the same spending patterns, only for an even greater number of projects of somewhat higher value. Execution of projects overwhelmingly occurs via User Committees (UCs) which are to be formed among beneficiaries of the proposed project and may receive funding directly for projects up to NPR 6 million.

**10. LB financial management practices could be reviewed to improve the coherence of spending on sectors and accountability.** Although there are required formats, there is wide variance among actual LB financial reports. Reporting on expenditure is organized according to revenue source devoted to that expenditure; this leads to unusual expenditure items appearing in financial reports, such as 'land registration fees'. The breakdown by revenue source indicates that multiple revenue sources are not used for the same expenditure item. There is no breakdown of expenditures by function or sector, with the partial exception of showing expenditures on target beneficiary groups, such as women or children, for block grant spending. Consolidated financial reports are not aggregated at any level. The Auditor General's Office audits DDCs while private auditors are used for municipalities and VDCs; there appears to be limited follow up on audit findings.

#### *Frontline Service Delivery in the Roads Sector*

**11. LBs are broadly responsible for the local roads network.** The local roads network is defined as roads which are not part of the national Strategic Road Network (SRN). Although the Department of Roads is in some instances involved with the local roads sector, most construction, upgrading and maintenance of the Local Road Network (LRN) is undertaken by LBs. However, the central Department of Local Infrastructure Development and Agricultural Roads in MoFALD exercises substantial guidance through the provision of conditional grants and supervision of local District Technical Offices.

**12. LBs work on local roads is funded out of their discretionary resources and conditional grants.** Only DDCs and municipalities receive conditional grants. The extent to which LBs spend their discretionary resources in the local roads sector varies: municipalities spend the highest proportion, followed by DDCs and then VDCs.

**13. Annual roads sector planning at the district level is guided by District Transport Master Plans (DTMPs).** DTMPs only provide a framework for the District Road Core Network (DRCN), for which DDCs are responsible. However, they do not govern planning of village or municipal roads which can account for up to 50% of the length of all registered local roads. Moreover, DDCs when



using their discretionary revenues follow the annual LB planning process with little reference to their DTMPs. This results in diffuse spending on a large number of relatively small projects, most of which are implemented by so called User Committees rather than contractors.

**14. The flow of funds from conditional grants can complicate integrated planning for the roads network.** There are a large number of conditional grants for items involving the local roads network, including separate grants for local roads, agricultural roads, suspension bridges, and bridges. Frequent end-of-year budget reallocations by the central government and *ad hoc* funding make planning difficult. Delays in fund release are common and result in impromptu adjustments to local roads sector plans.

**15. Technical capacity at the local level is limited.** VDCs almost never have full-time technical staff and the District Technical Offices (DTOs) lack the resources to service all local needs. There are about 1,150 total staff in all DTOs which handle all local infrastructure projects, including local roads, while there are annually in excess of 100,000 small local projects in all LBs. Providing engineering oversight for the over 100 annual works projects in DDCs alone stretches capacity.

*Frontline Service Delivery in the Basic (Primary and Lower Secondary) Education Sector*

**16. Planning, supervision of delivery, and quality control in the basic education sector (grades 1-8) is the responsibility of the Ministry of Education (MoE) and its Department of Education (DoE).** Sub-nationally, District Education Offices (DEOs) supervise, monitor and channel funds to schools. At the local level, School Management Committees (SMCs, elected by parents) ensure day-to-day management functions, including expenditure.

**17. The sector has decentralized most operational issues to the School Management Committees.** SMCs are expected to provide regular financial and progress reports to their respective DOEs. These financial reports presently are limited to grants received from the central government and currently do not include other sources of income, such as from rents or grants from LBs which are referred to as ‘off-budget’ income. In principle, school financial accounts are audited every year by private sector auditors; in practice, 40% of schools do not undergo regular annual audits though they continue to receive grants.

**18. LBs have a formal but unrealized role in education through Education Committees.** Each VEC, MEC, and DEC is to be chaired by the head of the corresponding LB. They have a mandate to engage in planning, resource mobilization, and monitoring. However, these bodies rarely meet. Planning and execution of school budgets occurs via SMCs and the offices of the Ministry of Education.

**19. Primary and lower secondary schools receive most of their funding through grants from the central government.** Well over 90% of schools budgets are from central government grants. The per student amounts provided to districts and then passed on to schools vary considerably between districts, with Dhankuta district receiving twice as much as Dhanusa.

**20. LB contributions to schools’ financing are a small and declining proportion of total school income.** While reports from 2008 and 2009 indicated as much as 13% of total school expenditures being financed by LBs, data from schools in Dhankuta and Dhanusa showed LBs contributing less than 2% of total revenues in the three years from 2009/10 to 2012/13. These figures are consistent with the larger schools public expenditure tracking survey completed in 2013. In addition to providing schools with operating grants, LBs spend directly on the construction of school buildings and facilities, the purchase of books and equipment, and on a range of other items or activities. Regulations prohibit LBs from directly contracting with teachers, though grants once received by schools can be utilized by SMCs for any type of expenditure. LB direct spending on school education is dispersed among numerous small items.

**21. The decline in LB spending in the basic education sector is due to a perception of relatively lower needs of schools, though not to perceptions of lower importance of education.** Many schools are currently carrying over significant unspent balances from one year to the next. This implies that schools do not need (or are not seen to need) supplementary funding from LBs. In the case of Dhankuta, this has been compounded by an overall 25% drop in enrolment between 2009/10 and 2012/13. At the same time, survey results show that education is rated among the most important public services by local citizens.

**22. There are aspects of education outside of operating schools where the Education Committees should, but do not presently play a role.** These include issues of getting out-of-school children into schools, reconfiguring local schools as a response to declining enrolment rates, and addressing the factors underlying drop-out rates. LBs do not appear to address such education issues in their own planning processes or through their leadership of local Education Committees.

### *Recommendations*

**23. The findings of this study point to two sets of potential measures to improve frontline service delivery:** long term changes in the institutional framework and short and medium term actionable steps within the existing framework. Improvements can be made both in LBs' general performance and capacity to contribute to service delivery, as well as actions that directly concern the local roads and basic education sectors.

### *Long Term Institutional Considerations*

**24. Long term fundamental changes must be considered within the context of broader deliberations on federalism in Nepal as well as ongoing efforts to strengthen LBs.** While deliberations to date on changing the government structure have focused on defining federal units, the role of LBs and the lower links in the service delivery chain will also be critical elements. Local governments are likely to have a place in a new federal system, albeit not necessarily the existing units. Changes could also build on local governance reforms undertaken under MoFALD's Local Governance and Community Development Program.

**25. Changes to the institutional framework could seek to build stronger lines of accountability for service delivery, addressing the classic 'building blocks' of decentralized government:** functions, finance, and functionaries. This could include:

- *Clarifying functional assignments* by: introducing the concept of 'own exclusive' assignments for LBs; allow for asymmetric assignment, recognizing geographic and demographic variations among local government units; delineating tasks for shared functions; retaining substantial local discretion to take on functions voluntarily since LBs are best positioned to respond to local needs and priorities; ensuring harmonization with other (sectoral) legislation, particularly the Government Rules of Business;
- *Strengthening the intergovernmental financial system to provide more predictability and stimulate local revenue collection effort.* Reforms in revenue assignments could focus on boosting own source revenues, while fiscal transfers could be consolidated, made more predictable and equitable, and designed so as to incentivize own source revenue collection at the sub-national level;
- *Developing personnel systems that support local bodies' administrative authority,* creating a local government cadre; and
- *Conducting elections to LBs in order to constitute them in a manner that makes them accountable to citizens.* Though elections are far from the only means of building downward accountability, they would play an overall framework that would incentivize performance in serving citizens in localities.

## *Potential Actionable Steps in the Short and Medium Term*

*For the Government of Nepal, initiated by MoFALD in the Short Term:*

**26. Address LB human resource constraints.** LBs, especially VDCs, would benefit from additional capacity in accounting and in basic engineering. Two options may be considered:

- Provide for accountant and overseer positions among VDC staff, and augment positions in DDCs and municipalities.
- Facilitate the hiring of accountants and overseers which could be shared by several VDCs and perhaps municipalities and DDCs.

Such a change could involve establishing links with professional associations (such as the Institute of Chartered Accountants of Nepal) that have members who can provide these technical and managerial inputs. Additional personnel are likely to require additional financing, though this could be justified by the fact that LBs are receiving six times more funds than before. Any increase in funding for personnel could be matched with more rigorous monitoring of standards for financial management and technical inputs.

**27. Adjust planning processes.** Although much of the planning process is mandated by law and hence not easily changed, there may be adjustments that could lead to more strategic and service-focused plans which incorporate principles of good public investment management. These are:

- *Introducing needs assessments into the planning process.* This could involve having mandatory planning formats that LBs could use to estimate the baseline levels of service, constraints and problems in key local service sectors, e.g. roads, water & sanitation, education, and health. These assessments could encourage more strategic investments as well as consideration of how LB activities can contribute towards improving the quality and/or quantity of those services.
- *Harmonizing the LB and sector planning calendar.* This could allow for more synergy at the local level.
- *Orienting local planning processes towards a medium-term or 'pipeline' perspective.* This would address short-termism and the danger of 'participation fatigue' of annual planning exercises.

**28. Strengthen LBs financial management framework.** The increase in resources makes improving the framework whereby LBs manage their funds a priority. There are several actions that might be considered:

- *Unifying, harmonizing and simplifying reporting formats and making their use mandatory.* Reports could consolidate various revenues and expenditures, regardless of source into one document that is exactly the same for all LBs of the same type.
- *Strengthening MoFALD capacity to ensure reporting and interpret LBs' spending patterns.* MoFALD could become able to collate and use LB reports for purposes of monitoring and broader strategic planning.
- *Incrementally introducing functional expenditure reporting.* This could start with reporting on capital or developmental expenditures, for which LBs would be expected to provide a simple but clear breakdown in terms of sectors, regardless.
- *Consolidating bank accounts held by LBs.* This could reduce fiduciary risk as well as encourage LBs to report on expenditures and revenues in a more comprehensive and less piecemeal way.
- *Removing a local bottleneck in the disbursement of transfers.* While delays in intergovernmental transfers are beyond MoFALD's control, at the local level LDOs' authority to release funds to VDCs creates unwarranted delays. Rather than having LDOs wait to group requests from VDCs before approving disbursements, VDCs could submit their financial reports directly to the DTCO with a copy to their DDC. The DDC would have a set time

period (for instance two weeks) to raise any concerns; in the absence of written concerns, the DTCO would be authorized to release funds directly to the VDC's account.

*For the Government of Nepal, initiated by MoFALD in the Medium Term:*

**29. Delineate service responsibilities to the extent possible within existing legislation.**

Delineation should occur between DDCs and primary tier VDCs and municipalities, as well as in relation to central government agencies. For services which presently are essentially overseen by the central government through deconcentrated departments, such as education, guidance on what LBs are responsible for could be developed in conjunction with sector agencies.

**30. A delineation of service responsibilities might first be modelled and tested for a few functions.**

There are many types of inputs and activities that are carried out to deliver services, with much differentiation among services. The GoN might consider modelling a detailed description of what LBs (with differentiation among VDCs, municipalities, and DDCs) and what line agencies would be responsible for in two or three functions. One would be a case where there is clearly a large role played by LBs (e.g. local roads, water supply) and the other might be a case where central agencies will play a major role (e.g. social services such as health or education). The delineation would distinguish between operational authority to make decisions on quantity and quality of services delivered; long term planning, including capital investment; service standards; oversight and monitoring functions; and incentives for performance.

**31. Simplify the system of intergovernmental fiscal transfers.** Conditional grants that target the same sector, such as local roads or water & sanitation, could to the extent possible be provided at the same time and have harmonized reporting requirements. Consolidation could help central management of fund flows and, more importantly, could provide an enabling framework for a more strategic approach to service delivery in these functional areas.

**32. Improve the predictability of intergovernmental fiscal transfers.** This could include avoiding *ad hoc* and mid/end year allocations, providing LBs with future transfer ceilings prior to the annual local planning/budgeting cycle, and considering more formula-driven allocations which recognize objective disparities among LB jurisdictions, particularly for conditional grants.

*For DoLIDAR/MoFALD:*

**33. More fully integrate the District Technical Offices into the DDC structure, rather than preserving the at times competitive structure in place.** While there are valid reasons to insulate DTOs from local influence (including political), if LBs are to be made accountable for service areas they could benefit from an integrated management structure to deliver.

*For the Ministry of Education and the Education Sector:*

**34. Carry through with plans to consolidate school reporting of all revenue and expenditures, including from LBs, NGOs and OSR in FY 2014/15.** This could help SMCs make more strategic use of available resources. It would also allow for better overall planning and deployment of resources for basic education at the national level.

**35. Clarify the roles and responsibilities of Education Committees at local levels to address issues of providing education beyond the operation of schools.** The VECs/MECs/DECs should be promoted as *fora* within which education sector activities are coordinated at the local level without getting into issues of individual school management that are handled by SMCs and supervised by DEOs. Local level Education Committees can play a role in addressing questions of attendance, enrolment, and, given demographic trends, rationalization. This would require amending the Education Regulations and cooperation between the MoE and MoFALD to provide local Education Committees with active guidance and support. Such work could be undertaken irrespective of whether a more profound delineation of functions is undertaken in the sector.

## I. INTRODUCTION

**36. The effectiveness of public service delivery depends in large part on the capability, resources and inputs, and the motivation of frontline service providers.** Higher level inputs, such as curriculum development for education, are critical for the quality of and access to services, but the provision of services occurs at the local level – at the ‘last mile’ of the chain of service delivery – where services are actually received by citizens.<sup>1</sup> In theory, inputs are converted to service outputs which in turn contribute to better public service outcomes for the population at the local level. Therefore, the factors influencing the provision of services at the local level are integral to overall service delivery. As has been observed in many contexts<sup>2</sup>, one of the key factors is the institutional framework for frontline service provision, because this framework in turn establishes chains of accountability for results which spur performance.

**37. Public services are provided by a combination of deconcentrated line agencies and local bodies<sup>3</sup> in Nepal, but the respective roles and relationships among these entities in providing services could be more clearly defined.** There appears to be overlap in responsibility in legislation which has underpinned parallel reform efforts for local governance and in service sectors. In particular, the institutional framework for local government remains incomplete. The legislated mandate for devolution of key public services is limited in practice by a lack of implementing regulations and the issuance of government rules of business which make line agencies responsible for most aspects of service delivery. The role of local bodies (LBs) has been weakened due the absence of elected councils since 2002.

### Box 1: Public Service – A Definition

A public service is a service benefiting the public that is provided for by the government because it is underprovided by the market. The public benefits from outputs and outcomes of the given service, not merely inputs. For instance, buildings, textbooks, teachers, assurance of pedagogical training and quality instruction, are all inputs for delivery of education service, but the public service is to yield an output of students with skills.

**38. Despite the uncertainties around their role, local bodies play an increasingly important part in service provision at the local level.** The size of transfers from the central government to local bodies has increased six-fold between 2006 and 2012. The local bodies’ share in total public expenditures has been around 10% for the past three years, a proportion that is considerably higher than in other South Asian countries. Even accounting for the conditional grants over which LBs exercise limited discretion and which make up over half of LB budgets, the proportion of local expenditures is relatively high.

**39. There is limited understanding of what local bodies are doing to deliver services.** It is difficult to assess how much is being spent, how activities and allocations are prioritized, and what types of outputs and outcomes are achieved in service areas at the local level. Reporting mechanisms are limited in their regularity, enforcement and transparency. There are currently no requirements to report by sector, which means that it is impossible to know how much is being spent on education, roads or any other sector by a particular LB or the aggregate of all LBs. Instead, LBs report on ‘development’ spending, which can be a mix of recurrent and capital costs. There is also self-reporting on the types of beneficiaries, or target groups, in the use of some grants. Thus, LBs may report that primary beneficiaries are certain types of disadvantaged groups, but the service area involved is often not known.

<sup>1</sup> See for instance, Kim, Farmer, and Porter, *Redefining Global Health-Care Delivery*, The Lancet, published online May 20, 2013.

<sup>2</sup> Notably in the 2004 World Development Report.

<sup>3</sup> Local bodies are Village Development Committees, Municipalities, and District Development Committees as per the 1999 Local Self Governance Act. As their names suggest, the entities were initially conceived of as development agents, rather than local government *per se*. The term local bodies (LBs) is the common general term for these entities.

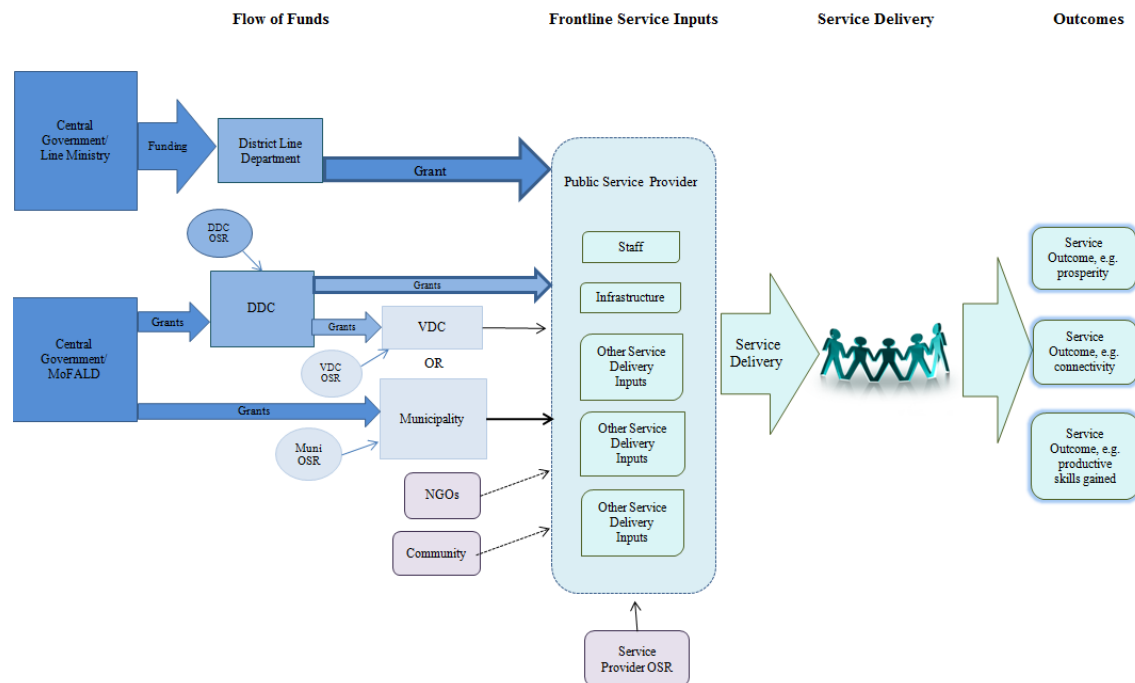
### Box 2: The Police Station in Pakhribas Village

Pakhribas VDC in Dhankuta District spent 300,000 NPR – around 15% of its discretionary budget – to purchase land for a police station in FY 2009/10. The decision emerged from the VDC's grassroots planning for use of funds. Funding for the land purchase was the second largest of 31 allocations for a mix of livelihoods schemes for women, local roads, small infrastructure for schools, and other projects. Pakhribas is not alone in having this spending pattern: all local bodies fund a large number of small projects across a range of sectors. Other VDCs and DDCs also spend on the police. Yet public security is not a function for VDCs or DDCs.

This spending pattern raises questions about frontline service delivery and the role of local bodies in their delivery. Why did the VDC use limited resources for a service over which it had no responsibility or authority? Is the VDC simply responsively using its funds to address local needs across a range of public services? Is it a case of local capture of resources? Is the VDC then accountable for the quality of police services or for service delivery in other areas where it provides albeit modest funding? Does the allocation give the VDC a say in how the funds are used? Does it give the VDC a role in how the police perform?

**40. There is also limited understanding of how deconcentrated line agencies interact with LBs to deliver services.** Nepal's governmental system treats LBs and local development as a 'sector' unto itself, rather than a contributor to the delivery of services in a sector such as education. The system does not allow for understanding how LBs are contributing to service outcomes. LBs are viewed as contributing to development in general rather than to any particular outcome in the provision of specific public services, such as water or the rural road network. There are mechanisms in place for local level coordination between line agencies and local bodies, but the extent to which this coordination is effective is not clear.

**Figure 1: Service delivery chain**



**41. This study seeks to map out the dynamics of frontline service delivery in Nepal.** It is based on a rapid review conducted over four months of service delivery in two sectors – local roads and primary and lower secondary education – in 14 LB jurisdictions in two districts.<sup>4</sup> The study

<sup>4</sup> The districts of Dhankuta and Dhanusa were chosen to reflect the situation in a relatively well performing and resourced hill district and a more populous, less well performing and resourced district in the country's southern Terai region. The jurisdictions in Dhankuta were: Dhankuta DDC, Dhankuta municipality, and Bhedetar,

analyzes the formal framework for local bodies' operations and service delivery in the basic education and local roads sectors. It compares *de jure* arrangements with data on what actually occurred over a three year period from 2009 to 2012 in the reviewed jurisdictions. Information about budgets, staffing, and planning was gathered by two field-based consultant teams. It proved difficult to obtain comprehensive budget and planning data at the local level for analysis, but nonetheless there is sufficient information on service delivery in this small number of jurisdictions to serve as case studies in the context of existing knowledge about the formal institutional framework. In addition, the study included a field survey of individual citizens and local officials in the same LB jurisdictions. The survey covered 3,200 local citizens and local officials in DDCs, VDCs and municipalities sampled in Dhankuta and Dhanusa. The survey was intended to assess perceptions about local governance and service delivery responsibilities, as well as the quality of services. Citizens' perceptions thus provide an important, if not all-encompassing, measure of outputs and outcomes from service delivery. A detailed description of the districts and the methodology for the study and its two field surveys is provided in Annexes 1 and 5.

**42. The limited service delivery orientation and coordination challenges among increasingly well-resourced local bodies suggest that there is an opportunity to improve the organization of frontline service delivery.** This would involve both providing incentives for more orientation of local bodies towards their role in the delivery of services and for ensuring greater synergies and responsiveness among local bodies and deconcentrated line departments. The purpose of this report is to examine in detail the current dynamics of frontline service delivery to identify institutional limitations and propose approaches to addressing them.

## II. INSTITUTIONAL FRAMEWORK FOR LOCAL SERVICE DELIVERY

**43. The institutional framework for service delivery is defined by functional assignments** (or the placement of responsibility for provision of public services with respective public entities), **fiscal assignments** (the system for financing of public entities to perform their responsibilities), **and administrative assignments** (the powers given respective public entities to carry out their responsibilities, such as control over staffing or planning and execution of the quantity of services provided). Assignments are typically among levels of government, which assumes some degree of autonomy of sub-national units. Nepal's intergovernmental system is quite complex *de jure*. This is further compounded by how LBs have developed and adapted since their introduction decades ago. This section reviews the governance arrangements of local bodies, functional assignments, and the intergovernmental fiscal framework.

### A. Brief History of Sub-National Government in Nepal

**44. Nepal has had sub-national government institutions for 50 years.** The current structure of sub-national administration and governance – based on districts and villages – was established in the 1960s in the *Panchayat* era. Districts and villages have been a part of Nepal's sub-national institutional landscape for as long as most Nepalese can remember. A watershed in their development was the 1982 Decentralization Act, which provided for elected district and village *panchayats*, albeit on a non-party basis and with nominated and elected members. The functions and responsibilities of these early *panchayats* were largely limited to the maintenance of public goods and social order. They had few own source revenues and fiscal transfers were limited.

**45. Following the establishment of multi-party democracy and promulgation of a new constitution in 1990, District Development Committees (DDCs), Village Development Committees (VDCs), and municipalities were established under separate DDC, VDC and municipality Acts adopted in 1991.** Full multi-party local elections were held in 1992. The first block grants for LBs were put into place in 1995. New local elections were held in 1998 for five year terms. The three local body acts were subsequently combined in the Local Self Governance Act (LSGA) of 1999, which remains the over-arching legal framework for sub-national government. In 2002, as part of a policy of sector devolution, the government officially devolved three key sectors (primary education, primary health and agricultural & livestock services) to LBs, giving further impetus to decentralization reforms. Later 'local infrastructure' was normatively devolved.

**46. Local government reforms were undermined by the armed conflict between the Government and Maoist insurgents in the 2000s.** The elected local bodies lapsed in 2002 when elections could not be held and the government decided not to extend the mandate of the LBs elected in 1998. Since then, despite the re-establishment of a broad democratic process at the national level in 2006, sub-national government has been managed without elected leaders or councils. Instead, centrally appointed civil servants (LDOs, VDC Secretaries, and EOs, respectively), have been responsible for the day-to-day management of LBs, with the assistance of other line department officials in DDCs and municipalities. In 2009, the government established the 'All-Party Mechanism' (APM), seen as a way of widening accountability by bringing political parties at the sub-national level into the local body decision-making process. The APM was repealed in 2012 following reports of corruption, but political parties continue to play a role in local-level decision-making.<sup>5</sup> The absence of locally elected councils since 2002 has diminished downward accountability, as well as the political status of local bodies. At the same time it has increased the perception that they are 'branches' of the Ministry of Federal Affairs and Local Development (MoFALD).

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<sup>5</sup> Cf. Carter Center (2014), The Asia Foundation (2013). The Carter Center report stresses that political parties are involved in many organizational structures at local level, including schools, which by regulation are supposed to be free from such interference.



**47. Decentralization policies and reforms in Nepal have reflected an approach that emphasizes LBs as conduits for local participation and carrying out small works as development rather than government responsible for delivering public services.** The usage of the term ‘development committee’ and as opposed to council or government denotes this vision. One major attempt to devolve sectoral responsibility to local bodies was made in 2002, but this was never implemented due to armed conflict, the dissolution of elected councils, the reservations of line ministries to devolve authority and implementation of government regulations which kept powers within the line agencies. In the recent post-conflict period, the same local development vision of sub-national government has remained unchanged. In recent years, increasingly large intergovernmental fiscal transfers (see section D on the intergovernmental fiscal framework below) have been central government’s principal mechanism for strengthening sub-national government – but with little concomitant effort made to make local bodies increasingly responsible for service delivery.

## **B. Sub-National Governance Arrangements**

**48. The legal framework for sub-national governance is the Local Self Governance Act (1999) and the Government of Nepal (Allocation of Business) Rules (2008, amended in 2009).** While the LSGA provides the legal basis for LBs, government rules allocate public sector responsibilities, including issues of frontline service delivery, in detail among national ministries. Nepal has an interim constitution which provides for a federal system of government and local self-governance and has committed to having a new constitution as soon as possible. Questions of how to structure a federal state and sub-national governance are the most contentious issue in this drafting process.

**49. Nepal has two tiers of sub-national institutions.** At the lowest level, there are 3,915 Village Development Committees (VDCs) and 58 Municipalities. At a higher level, there are 75 District Development Committees (DDCs), the territory of which overlaps with the VDCs and municipalities.

**Table 1: Characteristics of LBs in Nepal**

| Characteristics                  | DDCs       | VDCs         | Municipalities |
|----------------------------------|------------|--------------|----------------|
| <b>Population size:</b>          |            |              |                |
| Average population               | 294,510    | 5,640        | 75,966         |
| Max. population                  | 764,245    | 82,915       | 975,453        |
| Min. population                  | 6,538      | 67           | 14,283         |
| Total population                 | 26,434,505 | 22,088,460   | 4,406,045      |
| <b>Area:</b>                     |            |              |                |
| Average area (km <sup>2</sup> )  | 1,962      | 36.1         | n/a            |
| Min. area (km <sup>2</sup> )     | 119        | 0.9          | n/a            |
| Max. area (km <sup>2</sup> )     | 7,889      | 1,464        | n/a            |
| <b>Ecological zone:</b>          |            |              |                |
| Mountainous                      | 16         | 543          | 2              |
| Middle Hills                     | 38         | 1,963        | 27             |
| Terai                            | 21         | 1,409        | 29             |
| <b>Total no. of local bodies</b> | <b>75</b>  | <b>3,915</b> | <b>58</b>      |

Source: *National Population and Housing Census 2011, Central Bureau of Statistics*

**50. There is significant variation within the same types of jurisdictions.** VDCs on average serve and represent relatively small populations. Their small size may prevent VDCs from capturing economies of scale in service delivery, thus potentially compromising their ability to function as viable local government units<sup>6</sup>. Yet there are outliers: VDCs in the Terai, are typically a great deal

<sup>6</sup> See Boex (2012): 4-5

larger than VDCs in mountainous or middle hills areas in terms of population, but much smaller in terms of their area. DDCs also vary significantly by demography and topography. Municipalities include the large cities in the Kathmandu Valley and small towns of under 20,000 people.

**51. The geography and topography of local jurisdictions have different implications in terms of their fiscal capacity.** Most LBs in the Terai are likely to have access to more own source revenues than their counterparts in the mountainous or middle hills zones.<sup>7</sup> Not only is agricultural land more valuable (and therefore a stronger tax base) in the Terai, but the area's proximity to India and trans-national commerce also provides LBs there with a more vibrant tax base<sup>8</sup>. LBs in mountain areas correspondingly lack these opportunities. At the same time, service provision is much more difficult in remote locations with less traversable geography and dispersed small populations. However, despite their objective differences there is no differentiation in the institutional framework for bodies of the same type. All VDCs, municipalities, and DDCs operate under the same regulations and arrangements as their respective peers.

#### *Linkages between DDCs and Municipalities/VDCs*

**52. Municipalities are largely autonomous of DDCs, while VDCs are more closely subordinated to DDCs by law and in practice.** For example, the disbursement of fiscal transfers to VDCs is subject to DDC authorization in practice, but the same is not true of municipalities. VDC internal audits are carried out by DDCs, which also play a role in approving the selection of VDC external auditors; municipal internal and external audits, on the other hand, are not subject to any involvement on the part of DDCs. In addition, whilst the planning and scheme implementation processes for DDCs and VDCs are (in principle, at least) inter-twined, there are few linkages between DDCs and municipalities when it comes to planning and scheme implementation. Finally (and perhaps most importantly), LDOs are almost always Under-Secretaries and as such always outrank VDC Secretaries in the civil service hierarchy. However, EOs in municipalities are usually of the same civil service grade as LDOs. In the absence of elected local councils, this has reinforced the degree to which VDCs are subordinate to DDCs. In sum, while municipal performance is not constrained or enhanced by DDC performance, VDC performance is partly conditioned by how well (or badly) DDCs carry out back-office functions with respect to VDCs.

**53. Though not in effect at present since elections have not been held, the *de jure* system for elected LBs provides for organic linkages between DDCs and VDCs/municipalities.** Legislation provides for the direct election of village and municipal councilors. District councils and DDC leaders, however, are not directly elected – instead, they are indirectly elected by an electoral college made up of village and municipal councils within the district in question. This means that district councils and development committees are electorally accountable to village and municipal councils, which would imply that district governments are likely to be sensitive to the opinions and priorities of lower tier LBs.

#### *Governance and Staffing of Local Bodies*

**54. Despite the absence of elected representatives, the provisions of the LSGA continue to apply to LB governance arrangements, through non-elected local councils.** At all levels, local 'councils' remain in place as deliberative bodies, with the official function of approving plans and budgets, providing oversight and endorsing key decisions. Such councils, however, are not made up of elected members but instead consist of a mix of civil servants, local political leaders, and representatives from other stakeholder institutions (such as local NGOs)<sup>9</sup>. LDOs, EOs and VDC Secretaries function as both *de facto* chairpersons of these councils and as the day-to-day executives of their respective LBs.

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<sup>7</sup> With perhaps the singular exception of local bodies located in the Kathmandu Valley.

<sup>8</sup> See the section on the intergovernmental fiscal framework of this report.

<sup>9</sup> There are considerable variations in the composition of local councils.

**55. Core staff in local bodies are provided and financed through earmarked grants by the central government.** The following table provides a summary of LB staffing positions that are typically filled by such civil servants.

**Table 2: LB staff positions filled by civil servants**

| Local body   | Seconded civil servant staff   |
|--------------|--|
| DDC          | <ul style="list-style-type: none"> <li>• DDC Secretary (Local Development Officer)</li> <li>• District engineer(s) in the District Technical Office (DTO)</li> <li>• DDC Planning, Monitoring and Administrative Officer</li> <li>• DDC Finance Officer and Accountants</li> </ul> |
| Municipality | <ul style="list-style-type: none"> <li>• Municipal Secretary (Executive Officer)</li> </ul>  |
| VDC          | <ul style="list-style-type: none"> <li>• VDC Secretary</li> </ul>  |

**56. Secondments of civil servants tend to be the same for and across all levels of the local government system, irrespective of the size or importance of the LB in question.** Thus, central government provides VDCs with one secretary only regardless of whether the VDC serves a population of less than 5,000 or a population of more than 30,000. Institutional ‘equivalence’ translates into staffing ‘equivalence’ when it comes to civil service secondments. Moreover, seconded staffing levels tend to reflect the perceived roles of LBs. VDCs only have one secretary who is a junior civil servant. This appears to reflect the vision of their playing a role as conduits for funding of small works rather than units for ongoing service delivery. DDCs, on the other hand, have more seconded staff, reflecting their role as coordinating bodies. Municipalities are in between, with only one centrally appointed Executive Officer (EO) who usually has a rank similar to the LDO.

**57. Generally speaking, the central government fulfils its requirement of providing DDCs and municipalities with core staff, though there are reportedly quite frequent rotations and occasional cases of absenteeism.** At the VDC level, however, an estimated 500 VDCs throughout the country are currently without secretaries<sup>10</sup>; these VDCs are covered by secretaries from other VDCs. There are cases of one secretary covering even more than two VDCs. There is also a large degree of reported absenteeism among VDC secretaries. During the conflict this was justified by the dangers of a central government employee being exposed in the countryside, but the problem reportedly continues at present. Some VDC secretaries in Dhanusa indicated that they worked mostly in the main city in the district.

**58. Other full-time staff at the local level are hired as needed by the LBs themselves and paid for out of their own budgets.**<sup>11</sup> For the most part, such locally financed positions are usually junior (e.g. book-keepers or filing clerks in DDCs and municipalities, overseers and assistants in VDCs) or of an administrative support profile (e.g. night watchmen or drivers). The five VDCs surveyed in Dhanusa, for example, had a total of 11 locally hired staff: a technical assistant and an office helper in each of the five VDCs and a health worker in one. The DDC in Dhanusa, in addition to seconded civil servants, employs 22 locally-hired staff as internal auditors, accountants, office assistants and administrative staff.

**59. There has been policy debate about establishing a local civil service cadre, from which LBs would be able to recruit senior executive officials (such as LDOs).** This debate recognizes that the current system – by which senior LB executive officials are central government civil servants – is

<sup>10</sup> Himalayan Times, 8 March 2014.

<sup>11</sup> LSGA (articles 249-252) provides LBs with considerable latitude when it comes to hiring staff. The principal constraint to taking on more staff or short term employees is budgetary.

sub-optimal. Frequent rotations of senior LB staff, which are the result of central-level decisions<sup>12</sup> (rather than LB decisions), tend to reduce continuity. More importantly, key LB officers are effectively accountable to MoFALD, the entity which appointed them and provides a career framework. This line of accountability to the center has been significantly strengthened in the absence of local elected representatives who could monitor performance (and which was reputedly successful when there were elected LBs). The incentive structure for this staff is to be less responsive to local priorities and more responsive to central directives and policies.

#### *Central Government Agencies Engaged with Local Bodies*

**60. The Ministry of Federal Affairs and Local Development is responsible for policy and execution of programs on decentralization, local self-governance, and local development, including much local infrastructure.**<sup>13</sup> It also oversees coordination relations among LBs. MoFALD provides LBs with conditional and unconditional grants/transfers<sup>14</sup> and for seconding (or deputing) core staff to LBs. MoFALD also provides LBs with guidelines and technical backstopping, as well as being responsible for regular monitoring of LBs and their performance<sup>15</sup> Finally, a division within MoFALD runs the nation-wide social safety net programs, issuing guidelines and funds to LBs for providing social benefits.

**61. MoFALD implements the Local Government and Community Development Program, a large technical assistance program for LBs funded by multiple donors.** LGCDP has worked to institute a number of practices at the local level, particularly social accountability mechanisms. This has included deploying social mobilizers, developing Ward Citizen Forums and Citizen Awareness Centers, promoting social audit mechanisms, and addressing aspects of fiduciary risk.

**62. MoFALD's mandate of supporting local governance and decentralization and its role in ensuring development occurs in the form of rural infrastructure do not always coincide.**<sup>16</sup> Previously known simply as the Ministry of Local Development, MoFALD is often seen as a line ministry, with LBs operating as if they were local level line departments of the ministry carrying out local development. MoFALD houses the Department of Local Infrastructure Development and Agricultural Roads (DoLIDAR), a central agency that oversees national schemes for local infrastructure, mostly with donor funding. DoLIDAR supervises District Technical Offices (DTOs) which in turn are authorized to supervise most local infrastructure projects financed by the DDCs.

**63. Central level coordination on service delivery is hampered by a 'sectoral' orientation of government agencies.** MoFALD focuses on local bodies and their operations, in much the same way as the Ministry of Education oversees the activities of its line departments and schools at the local level. Outside of the overall coordination which occurs in the national planning process, there are few mechanisms for MoFALD to coordinate with other line ministries on operational issues. For example, there are no permanent and functional inter-ministerial committees that work on roles and responsibilities in the education sector or coordinate inputs into service delivery.

**64. MoFALD's mandate related to Municipalities overlaps with that of the Ministry of Urban Development (MoUD).** MoUD is responsible for urban development (see Government of Nepal Allocation of Business Rules 2008, amended in 2012) and has adopted an urban development

<sup>12</sup> Understandably, LDOs and EOs often lobby the ministry to avoid being posted to remote or 'problematic' LBs or to be transferred to localities or to Kathmandu.

<sup>13</sup> The full listing of MoFALD's functions is included in the Government of Nepal (Allocation of Business) Rules (2008, amended in 2009),

<sup>14</sup> Which are included in the ministry's annual budget.

<sup>15</sup> Most notably through the annual MC/PM assessments of DDCs and municipalities, the results of which are endorsed and acted upon by the ministry.

<sup>16</sup> This tension is discussed in considerable detail in *Institutional Assessment of the Ministry of Local Development*, Atos Consulting (2008) – a report commissioned by DFID and submitted to (the then) MLD during the preparatory and design phase for LGCDP.

strategy. MoUD has jurisdiction over the Town Development Committees created under the Town Development Act, 1988 and the Town Development Fund (TDF). Responsibilities of the TDC (chaired by a government nominee) include “land use planning for the development of town and provision for services and facilities such as road, transport, electricity, drainage, sanitation and open space” which is what a municipality is also supposed to do under the LSGA. The autonomous TDF provides financial (lending) and technical support to municipalities in delivering ‘basic social services’ (e.g., streets, roads, electricity, bridges, drinking water, drainage, collection of garbage, public toilets, public libraries, and schools) and ‘income oriented projects’ (e.g., public markets, trade centers, bus terminals, slaughter houses, warehouses). The Department for Urban Development and Building Construction (DUDBC) is mandated to coordinate the activities of TDCs and TDF on behalf of the MoUD, and is involved in the formulation of municipalities’ periodic plans, GIS maps, poverty mapping and Town Development Committees. The National Urban Policy recognizes this challenge and advocates for better cooperation/coordination between MoFALD and MoUD at the central level.

### *Planning in Local Bodies*

**65. LBs are required to formulate periodic and annual plans.** The LSGA and the Resource Mobilization and Operation Management Guidelines (2013) provide for a participatory, inclusive framework for planning, management, implementation, resource allocation and budgeting, supervision, monitoring and evaluation, reporting and oversight activities.<sup>17</sup> The participatory planning process is known as the fourteen steps planning process, which begins at the community level and moves up to the national level (NPC and MoF). Village, municipal and district councils are all expected to finalize their respective plans within their budget ceilings. LBs can submit project proposals for inclusion in the plans of higher tiers in the intergovernmental system. See Annex 2 for a detailed breakdown of the role of the principal institutional stakeholders and the planning process.

**66. All LBs are expected to prepare five year periodic plans in a participatory way, in accordance with NPC directives.**<sup>18</sup> Local periodic plans should meet several criteria:

- include long term goals, objectives and strategies and cover major functional areas or sectors that are devolved to local bodies;
- include gender, social inclusion, the environment and children as cross-cutting issues in all sectors;
- be prepared on a spatial basis and on the basis of an analysis of spatial factors;
- encompass the key elements of sector-specific plans;
- forecast and take into account resource projections;
- take into account potential developmental and contributions from central government, NGOs and the private sector (which are to be coordinated with LB activities and investments included in LB periodic plans);
- support and complement national plans and contribute to national goals, objectives and overall targets.

**67. LBs are expected to formulate inclusive, participatory, integrated and comprehensive annual plans based on their periodic plans.** This requires both the communication downwards of resource envelopes and an upward planning process to prioritize projects from grassroots community groups up to the DDCs. In terms of downward communication, line ministries are expected to provide their district level departments with annual budget ceilings, estimate sector grants to LBs and issue guidelines for annual planning. Local line department and district plans should be consistent with national development policies and plans. Included in this are MoFALD forecasts of annual

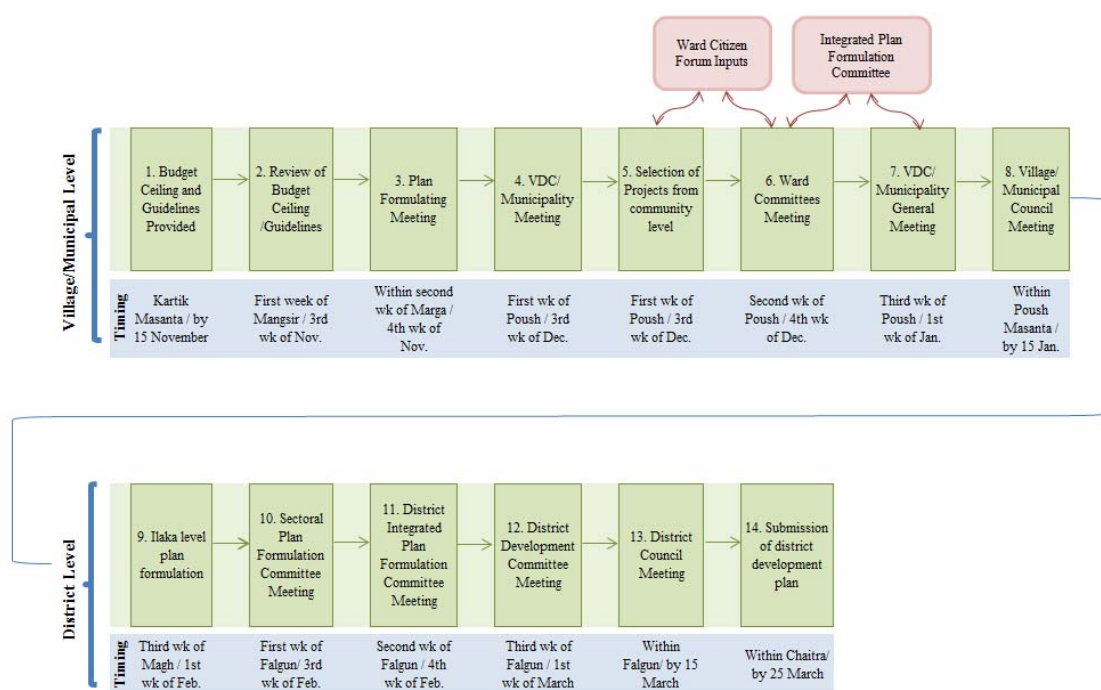
<sup>17</sup> VDC, municipal and DDC planning processes are provided for in LSGA (Arts. 43-54, 111-124, and 195-214, respectively) and LSGR (rules 64-69, 134-139, and 197-206, respectively). The RMOM Guidelines (sections 3-5) provide LBs with additional instructions for planning in the absence of elected councils.

<sup>18</sup> NPC directives are structured around four steps: (i) data collection; (ii) data and SWOT analysis; (iii) plan formulation on the basis of a logical framework; and (iv) implementation.

conditional and unconditional grants. District Resource Estimation Committees<sup>19</sup> (DRECs) estimate the total resources that are expected to be available for each LB in the district for the following year. These resource envelopes (or budget ceilings) are communicated to the respective LBs. In addition, VDCs and municipalities will also be expected to estimate their respective resource envelopes.

**68. The upward planning process involves several rounds of meetings and reviews of proposals.** It begins with grassroots community organizations and user groups making proposals which are successively consolidated, reviewed, and forwarded successively upward to Ward Citizen Forums (WCFs)<sup>20</sup>; village level integrated plan formulation committees; the VDC (and municipality); the Ilaka level which combines several VDCs and municipalities<sup>21</sup>, the DDC Integrated Plan Formulation Committee (IPFC); the DDC; affected line agencies; MoFALD; and the National Planning Commission (NPC). At each level of government, the proposed programs and projects are reviewed for synergies and whether they fit into communicated budget ceilings. Central level line departments and ministries may also ask DDCs to include sector-specific projects (identified at the national level) in their annual plans. Finally, the NPC consolidates these plans and it is integrated with the budget and approved by Parliament.

**Figure 2: Normative Participatory Planning Process**



Source: Local Bodies Resource Mobilization and Management Procedures 2013, adapted

<sup>19</sup> The RMOM Guidelines (procedure 18) stipulate that each DDC should establish a District Resource Estimation Committee.

<sup>20</sup> WCFs consist of 25-30 members, selected in an inclusive way to ensure representation of women and disadvantaged communities. Although WCFs are not provided for in LSGA/R, the RMOM Guidelines (2013) do so in order to ensure citizen engagement in the local planning process in the absence of ward committees. Every VDC has nine Wards; each ward is to elect a member of the Village Development Committee.

<sup>21</sup> There are a total of 927 Ilakas and 3,915 VDCs. On average, Ilakas combine about 4-5 VDCs, although Ilakas in the Terai tend to be larger than those elsewhere.

**69. The plan is expected to serve as the basis for concerned ministries to authorize budgets for respective line departments, project offices, DDCs and municipalities.** DDCs then authorize for VDCs. DDCs request all concerned implementing agencies to prepare their operational calendars (along with implementation responsibilities) for program implementation and also request them to prepare funding matrices.

**70. DDCs are expected to form Monitoring Committees under the chairpersonship of an MP representing the district.** If there is more than one MP representing the district, MPs will chair the committee in alphabetical order. However, few DDCs have followed this. To ensure monitoring, the RMOM Guidelines (2013) make special provision for the establishment of supervision and monitoring committees, the meetings of which are to be chaired by the chairpersons of the respective LBs. This committee monitors whether projects or programs have followed the operational calendar and whether the funds are used properly or not. The committee is also authorized to monitor outputs every trimester and submit its report to the LB chair.

**71. The formal planning process does not appear to be followed in full...** LBs are not systematically informed by central government of their budget ceilings on a timely basis. Instead, LBs are usually asked to prepare next year's budget on the assumption of a 10% increase on the previous year's budget<sup>22</sup> On the basis of field observations, DDCs, in turn, generally do not provide municipalities with information about budget ceilings or guidelines for annual development planning. However, annual MC/PM (performance) assessments indicate that DDCs do so. The timely provision of budget ceilings to VDCs/municipalities by DDCs is included as one of the minimum conditions (MCs); the most recent MC/PM assessment report (2012<sup>23</sup>) indicates that all but one, out of 75, DDCs complied with this MC.

**72. Though the upward planning process is largely followed.** Ward-level planning meetings do appear to be common, if not universal. In 2008-09, before WCFs were established (through LGCDP), 42% of a sample of households from just over 200 VDCs reported that ward-level planning meetings took place.<sup>24</sup> Evidence from annual MC/PM assessments of LBs indicates that the majority do complete their annual planning process on time. Timely completion of annual planning is one of the MCs that LBs need to comply with. According to the 2011 MC/PM assessment<sup>25</sup>, only 147 (out of a total of 3,915) VDCs and 2 municipalities failed to comply with this MC; with the exception of Kathmandu Metropolitan city, all the LBs that failed to comply were located in the Eastern Terai region and included Dhanusa.

**73. Grassroots citizen influence on planning is mixed though appears to be growing.** A 2009 study of citizen perceptions<sup>26</sup> indicated that 39% of the households surveyed claim that VDC priorities are identified and selected by certain influential interest groups, without any prior community consultations. According to 35% of the VDC secretaries surveyed in 2008-09, local political leaders are more often than not able to have their priorities (without reference to proposals from local citizens) addressed in VDC and municipal plans. At the same time, the WCFs appear to be a functioning venue for influencing decision-making. As of mid-2013 there were over 35,000 WCFs established in virtually all districts. Roughly 40% of the over 100,000 projects proposed via WCFs in 2012-13 were financed by LBs, taking up roughly 40% of the latter's capital budgets.<sup>27</sup> Yet survey results in the two target districts show about 20% of the population feels able to influence the quality of roads, even though this is an area that is a major expenditure item and for which LBs are seen as

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<sup>22</sup> See ADDCN/UNDP (2010)

<sup>23</sup> See MoFALD: MC/PM assessment report 2012.

<sup>24</sup> See INLOGOS/UNDP (2009).

<sup>25</sup> See MoFALD (2011).

<sup>26</sup> As documented in INLOGOS/UNDP (2009).

<sup>27</sup> LGCDP Progress Report 2013.

most responsible.<sup>28</sup> In addition, there is anecdotal evidence suggesting that political parties play a major role in the WCFs and UCs as well. The level of ‘elite capture’ in the planning process and local institutions such as WCFs is difficult to assess, particularly in the aggregate (see Box 3).

### **Box 3: Political parties and LB decision-making**

Political parties have played and continue to play an important role in local body decision-making about budgets and spending even without an elected local council. Between 2009 and 2012, this was officially sanctioned by the All-Party Mechanism (APM), through which local leaders of political parties were able to participate in council meetings at all levels of sub-national government. Although the APM was repealed in 2012, in recognition of mal-practice and excessive politicization, political parties continue to have a say in local government affairs. Recent reports by the Asia Foundation (2013) and the Carter Center (2014) document how the APM operated in practice, how political parties continue to influence decision-making at the local level, and how the active engagement of political parties in local body processes has often been driven by partisan, patron-client and pork-barrel politics.

Politicians everywhere may seek to channel resources to their constituencies. In the case of Nepal, according to these studies, there have been numerous reported cases of collusion and corruption associated with the involvement of political parties in local body budgetary and spending processes. Some Nepali political leaders appear to seek to spread resources widely, so as to satisfy, reward and attract as many supporters as possible. Choices appear to be made in terms of the demands that are immediately satisfied, rather than on the basis of a blend of political and technocratic considerations.

The large number of projects also reportedly reflected a balance of party interests in jurisdictions. The stronger parties would obtain a bigger ‘piece of the pie’ but lesser parties would also benefit from directing a portion of LB resources. It could be argued that the large number of projects served a political purpose of providing a stake in local governance processes to a wide range of parties.

**74. Analysis and prioritization of projects appear to be driven by local politics with limited technical analysis.** Planning involves the mediation of a range of interests carried out in multiple successive meetings. Criteria exist for selection of projects but these do not appear to include rigorous identification or appraisal of proposed projects and programs. Cost benefit, cost efficiency, or other appraisal tools are not visibly utilized. Instead, specific individual projects may be proposed and, depending on general perceptions of importance at successive higher levels, are carried forward. Perceptions of importance appear to be in large part driven by the weight of the group proposing the project; decision-making is thus political without a detailed assessment of economic or social rationale that would allow for comparison according to objective indicators. Both MoFALD and local officials in the target districts noted that there were strong incentives to simply divide up the resource envelope equally among groups which represent political and geographical balance. This is reflected in the expenditure patterns of LBs where there are a large number of small projects in a broad range of sectors (see paragraphs 96 onwards below). For instance, the Dhankuta DDC decided to provide equal amounts of funding to each of 22 user committees involved with each of the 22 roads in the District Transport Plan.

**75. There appear to be few genuine linkages between LBs’ plans and those of line agencies or national plans.** VDC/municipal integrated plan formulation committees (IPFCs) exist and meet but there is little evidence that they analyze linkages between priority proposals across or within sectors. DDC level IPFCs also meet in order to comply with procedures but do not appear to analyze intra- or inter-sector linkages between proposed activities. Moreover the planning schedule for LBs does not correspond to those of line agencies, meaning that planning often occurs in parallel. Although line ministries are expected to examine the district-level annual plans that are submitted to them by DDCs, observations indicate that line ministries pay limited attention to local plans and do not provide DDCs with systematic feedback on their annual plans. The same appears to be the case with respect to the NPC. Given this, genuine linkages between district level priorities and national plans appear to be limited.

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<sup>28</sup> See Annex 5



#### Box 4: Do LBs manage their public investments effectively?

The processes that govern public investment selection and management are critical in determining the efficiency of public expenditure, in general, and capital expenditure, in particular. When sound and robust processes and controls are used in public investment management, capital expenditure is more likely to be efficient, justifiable and yield value for money. A number of key features should be in place if public investment management is to be as efficient as possible<sup>29</sup>.

While these key features are vital in the management of large public investments (such as building a new highway), some of them may be less appropriate in the case of the public investments that are typically undertaken by local governments. To begin with, local public investments are usually smaller, making for more of a trade-off between the time and resources to carry out a rigorous investment management process and the benefits derived from such a process. In particular, local governments have access to limited human resources and cannot be expected to follow all the steps that might be expected to be followed when managing large public investments.

Nonetheless, the basic principles underlying 'must have' key features remain relevant to local government public investments. Many of the features provide for greater use of objective evidence in the selection and implementation of investments, while not negating the political aspects of government being responsive and delivering to local constituencies. The process in Nepal is relatively weak in providing for objective investment management.

| Key PIM feature  | Integrated into local PIM? | How and why (not)?   |
|--|----------------------------|--|
| Investment guidance, project development & preliminary screening | Partly                     | Some (but not all) LBs have periodic or sector master plans, but these rarely provide a strategic framework to guide investments. Moreover, annual investment planning is infrequently linked to periodic or master plans.                                       |
| Formal project appraisal (feasibility studies etc.)              | Rarely                     | LBs rarely conduct thorough feasibility studies of investment projects, due to a lack of technical capacity, small size of most investment projects and insufficient time in the planning process.   |
| Independent review of appraisal                                  | No                         | Given that appraisal is rare, independent appraisal reviews do not appear to exist.  |
| Project selection and budgeting                                  | Partly                     | Investments are usually (but not always) linked into the annual budgeting process. However, there are no medium-term budgetary frameworks at the local level.  |
| Project implementation   | No                         | Given that the preferred implementation option is through user committees, there are no local procurement plans. Implementation planning is difficult given irregular disbursements and may not be appropriate given the small size of most investment projects. |
| Project adjustment   | Mostly                     | Local investment projects are – by force of circumstances rather than by design – implemented in flexible and adaptable ways.  |
| Facility operation   | Partly                     | Investments are typically 'handed over' to local user groups, which may lack the resources to ensure adequate operations & maintenance   |
| Completion review and evaluation                                 | Very rarely                | Generally this may be unjustifiable given the relatively small size of local public investment projects.   |

#### *Financial Management in Local Bodies*

**76. LBs' expenditures consist of recurrent costs for their own core administration, social benefit transfers, and a range of small, mostly capital projects.** Budget execution for core administration is carried out via the accountant or accounting department for the corresponding LB.

<sup>29</sup> See Rajaram et alia. (2010).

Delivery of social benefit payments to beneficiaries is carried out directly by VDC and municipality staff and accounted for accordingly.

**77. User Committees are the primary vehicle for carrying out LB-funded projects.** A 2009 report reviewing over 200 VDCs found that 79% of projects funded out of block grant resources are implemented through user committees (UCs), 7% by school management committees, 5% by community organizations and the remaining 11% by NGOs and VDCs themselves. A survey on perceptions in the two target districts noted found that 20% of the population believed user committees to be most responsible for the quality of local roads.<sup>30</sup>

#### **Box 5: User Committees**

LBs can implement the approved project either directly, by contracting out, or via user committees (UCs). The formation, operation, management and implementation of UCs are provided for in the LSGA and further regulated by the LBFAR and Resource Mobilization Procedures. Among the reasons for this implementation method are the remoteness of many project sites and corresponding lack of contractors; and to mobilize project beneficiaries to contribute cash and labor, thereby increasing local ownership. However, UCs are often employed even in cities where there are contractors.

UCs are formed by an assembly of users at the project site in the presence of LB officials or designated social mobilizers. The assembly is supposed to record the involved households and create a UC with 7 to 11 members, of which 33% must be women. Field studies suggest that formation rules are not always followed and with political leaders playing a leading role rather than users.

UCs are authorized to carry out programs of up to six million rupees (roughly US\$ 60,000). Funds of more than 50,000 rupees must be held in a bank account which is jointly operated by the UC chair person, secretary and treasurer, requiring each of their signatures. The UC is required to mobilize cash and/or in-kind labor from the population to help fund the project cost. UC officials are supposed to receive training on operations, accounting and construction.

A roster of subject-wise UCs (e.g. for roads, water etc.) has to be maintained by the LBs. The invitation notices published by LBs for UC applications and formation have to include information on basic cost and other relevant details. The UCs also have to disclose project progress reports and are subject to social audits. The LB's supervision of the project implementation work carried out by UCs is generally limited.

In practice, however, UCs are often not constituted as prescribed. In some cases, UCs may be dominated by political party representatives; in other cases, UCs act as 'fronts' for contractors. In addition, there are numerous reported cases of UCs acting in collusion with contractors and frequent reports of corruption and financial mismanagement by UCs. The integrity of UC social audits has also been called into question.<sup>31</sup> In addition, UCs – however representative and honest they are – have inherent technical limitations; despite this they are given implementation responsibilities for sometimes technically demanding activities.<sup>32</sup>

**78. LBs' financial reporting is fragmented.** LB reporting is driven by the type of revenue which is provided rather than providing a consolidated statement of revenues and expenditures. Moreover, while standard formats have been issued, financial reports from various LBs follow a variety of formats. Financial reports typically contain revenue sections divided up by revenue type (own source, government grants, etc.) and corresponding expenditure sections. For this reason, financial reports show for example VDC or DDC 'recurrent grants' as expenditures in some cases (while the expenditures are on core administration salaries) or 'land registration fees'. In most cases, expenditures are listed by the name of the program, particularly in cases of funding from specific program grants.

**79. There is currently no functional reporting on expenditures, i.e. by sector (education, water supply, local roads etc.).** To some degree this reflects the approach where LBs are only expected to spend on development that is locally responsive without concern for specific sectors.

<sup>30</sup> See Annex 5.

<sup>31</sup> Cf. Carter Center (2014), The Asia Foundation (2013).

<sup>32</sup> See Government of Nepal and The World Bank, *Road Sector Assessment Study*, Nepal (2013).

Sectoral focus can in some cases be inferred from the names of program expenditures but this is usually not aggregated or systematized, even at the level of LBs. Instead, LBs' expenditure statements simply list hundreds of small 'programs'. This practice of financial reporting currently does not allow MoFALD or any other central government agency to assess how much LBs are spending on any given sector. Line agencies such as the Ministry of Education also do not have a record of LBs' financial contributions to education. Even though the MoE's semi-annual flash reports call for tracking these contributions, they are typically left blank. Specific studies such as this one have been carried out to ascertain this information, but as of yet there is no regular reporting mechanism to capture all funding flows to schools.<sup>33</sup>

**80. Financial reporting practices suggest that there is little, if any, joint funding from multiple revenue sources for activities.** For instance, the use of block grant funding for the maintenance of a section of a local road and the use of own source revenue funds for the same road would be treated as two different projects with two different cost centers.

**81. Accountability for the use of funds is similarly fragmented.** For particular conditional grants, such as those provided for specific roads, LBs have to report back to the funding source (usually DoLIDAR). LBs are also required to report on own source revenues and shared taxes to the Local Bodies Fiscal Commission housed in MoFALD. These reports contain an aggregate reporting on grants only, without differentiating between conditional and unconditional grants.

**82. Delays in fund transfers present financial management challenges.** There appears to be a consistent delay in issuing authorization letters for fiscal transfers by the central government, particularly for conditional grants for specific programs. VDCs face a specific challenge in accessing funds due a requirement that district level LDOs accept trimester reports and authorize the release of funds; LDOs typically will wait to group VDC disbursement requests before authorizing release from the District Treasury & Comptroller's Office. Issues with the timely receipt of funds can prompt less sound management as LBs are under additional time pressure to absorb funds. Delays create an incentive for LBs to move resources that have not been spent by the end of a FY to a 'non-freezing' account in order to avoid having to return unspent funds to the central treasury. Other coping strategies for anticipated fund transfer delays include providing advances to user groups or contractors, or pre-financing user group activities before final project approval. The delays make it very challenging for LBs to efficiently utilized funds and follow financial management rules.

**83. Formal mechanisms to address fiduciary risk lack rigor and at times are not applied.** LBs are required to have a Fiduciary Risks Reduction Action Plan (FRRAP) for managing their funds, but this appears to be a *pro forma* exercise, if at all conducted. There is no effective mechanism to check compliance with these plans. Municipalities and DDCs have an internal audit section, with the DDC audit section also responsible for carrying out internal audits of VDCs. In the two districts reviewed in this study not all VDCs were audited owing to capacity constraints. DDCs are subject to an external audit by the Auditor General's Office while municipalities and VDCs are to hire an independent registered auditor approved by the municipal council and the DDC, respectively.<sup>34</sup> Audit reports are to be tabled in the respective LB accounts committee and in their council meetings, but there is little practice of following up on audit findings. Although detailed procedural guidelines for public/social audits and public hearings on use of funds have been issued, only a few LBs reportedly comply with these guidelines.

**84. The budgeting and financial reporting system limits LB accountability.** There are strong regulations mandating transparency in LBs' as well as in UCs' operations, but there are apparent issues of compliance and fiduciary probity. Moreover, when reporting is available such as was observed in Dhankuta and Dhanusa, it consists of a list of projects and levels of financing. This limits

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<sup>33</sup> The Department of Education is planning to require such reporting in the next fiscal year 2014/2015.

<sup>34</sup> An audit bill presently in Parliament calls for all LB audits to be conducted by the OAG.

accountability and more strategic decision-making about prioritizing among sectors or among projects within sectors.<sup>35</sup>

**85. Public trust in LBs is moderate in Dhankuta but low in Dhanusa.** Surveys in Dhankuta and Dhanusa shows levels of trust in local bodies which are, on aggregate, slightly lower than they are for most other public institutions (including the police, DEO, district administration). There is substantial difference between the districts. In Dhankuta, citizens have as much, if not more, trust in their local bodies as they do in other public institutions; some 80% of the citizens interviewed in Dhankuta regard their VDCs as either moderately or very trustworthy and only 2.5% regard them as not trustworthy at all. In Dhanusa, on the other hand, there is less citizen trust in all public institutions, but LBs are rated particularly poorly: only 52.5% of respondents regard their VDCs as moderately or very trustworthy, while almost 20% regard their VDCs as not trustworthy at all. Citizen distrust of local bodies in Dhanusa resonates with deficient PFM and financial reporting practices that this study found in the district.<sup>36</sup>

### C. Functional Assignments

**86. The normative basis for the assignment of functions and responsibilities across Nepal's intergovernmental system is defined by a number of regulatory or policy instruments, *inter alia*:**

- The LSGA (1999), which sets out the 'functions, duties and powers' of each type of LB. This is the key law that provides for Nepal's system of sub-national government and is the starting point for identifying sub-national functional assignments.
- The Local Infrastructure Development Policy (LIDP, 2004), which provides a broad framework for the management of local (as opposed to national) infrastructure.
- MoFALD regulations and guidelines. Of these, the most important in terms of assigning responsibilities are the 2012 Local Body Resource Mobilization and Operation Management Guidelines, which provide LBs with guidance as to how they are expected to spend both own source revenues and grants/transfers from central government.
- Various Acts specific to key infrastructure and service delivery sectors (e.g. the Education Act of 1971, most recently amended in 2001), which provide the legal framework for their respective sectors.
- The Government of Nepal (Allocation of Business) Rules (2008, amended in 2009), issued by the Council of Ministers. In effect, these rules allocate governmental responsibilities among all national ministries.

The table on the following page summarizes the developmental and service delivery functions assigned to different types of LB in the LSGA and the Government Allocation of Business Rules.<sup>37</sup> A detailed description of the large number of functions assigned to LBs by the LSGA may be found in Annex 3.

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<sup>35</sup> For this reason efforts to conduct budget hearings in local jurisdictions have been challenged to produce budget-in-brief documents showing expenditures by sector.

<sup>36</sup> See Annex 5

<sup>37</sup> These are set out in LSGA Article 26 (for VDCs), LSGA Article 96 (for Municipalities) and LSGA Article 188 (for DDCs).

**Table 3: Summary of *de jure* functional assignments for key sectors**

| Functional area          | DDCs  | VDCs  | Municipalities   | Central Govt. Line Agencies   |
|--------------------------|---|---|--|---|
| Agriculture & irrigation | <ul style="list-style-type: none"> <li>General responsibilities (including management and implementation)</li> <li>Irrigation schemes which cover <u>more</u> than 1 VDC</li> </ul>                   | <ul style="list-style-type: none"> <li>General responsibilities (including management and implementation)</li> </ul>  | <ul style="list-style-type: none"> <li>Irrigation development</li> </ul>   | Ministry of Agriculture and Cooperatives: <ul style="list-style-type: none"> <li>Broad responsibilities for agriculture, livestock and fisheries</li> </ul> Ministry of Irrigation: <ul style="list-style-type: none"> <li>Broad responsibilities for irrigation development</li> </ul> |
| Water & sanitation       | <ul style="list-style-type: none"> <li>General responsibilities (including management and implementation)</li> </ul>  | <ul style="list-style-type: none"> <li>General responsibilities (including management and implementation)</li> </ul>  | <ul style="list-style-type: none"> <li>To carry out or cause to be carried out sanitation programs in the Municipality area</li> </ul>   | Ministry of Urban Development: <ul style="list-style-type: none"> <li>Urban water supply</li> </ul> Ministry of Physical Infrastructure & Transport <ul style="list-style-type: none"> <li>Water supply</li> </ul>  |
| Hydropower & electricity | <ul style="list-style-type: none"> <li>General responsibilities (including management and implementation) for <u>micro-hydropower</u></li> </ul>  |   | <ul style="list-style-type: none"> <li>Generation/distribution of electricity</li> </ul>   | Ministry of Energy: <ul style="list-style-type: none"> <li>Electricity development</li> </ul>   |
| Works & transport        | <ul style="list-style-type: none"> <li>General responsibilities (including management and implementation) for <u>district</u> roads and transport infrastructure</li> </ul>                           | <ul style="list-style-type: none"> <li>General responsibilities (including management and implementation) for <u>rural</u> roads and transport infrastructure</li> </ul>            | <ul style="list-style-type: none"> <li>General responsibilities (including management and implementation) for <u>municipal</u> roads and transport infrastructure</li> </ul>           | Ministry of Physical Infrastructure & Transport <ul style="list-style-type: none"> <li>Responsible for Strategic Road Network (SRN)</li> </ul>  |
| Education                | <ul style="list-style-type: none"> <li>Prioritization for establishing new schools</li> <li>Recommend closure of schools</li> <li>To supervise, monitor and assist schools in the district</li> </ul> | <ul style="list-style-type: none"> <li>To establish, operate and manage pre-primary schools</li> <li>To supervise and manage the schools in the village development area</li> </ul> | <ul style="list-style-type: none"> <li>To establish, operate and manage pre-primary schools</li> <li>To support operation and management of schools within the Municipality</li> </ul> | Ministry of Education: <ul style="list-style-type: none"> <li>Responsible for pre-primary, primary, secondary, informal and tertiary education</li> </ul>   |
| Health services          | <ul style="list-style-type: none"> <li>General responsibilities (including management and implementation) for district level health services</li> </ul>   | <ul style="list-style-type: none"> <li>General responsibilities (including management and implementation) for primary health services</li> </ul>                                    | <ul style="list-style-type: none"> <li>General responsibilities (including management and implementation) for primary and municipal health services</li> </ul>                         | Ministry of Health & Population: <ul style="list-style-type: none"> <li>Broad responsibilities for public health</li> </ul>   |
| Miscellaneous (selected) |   | <ul style="list-style-type: none"> <li>Vital registration</li> <li>Social protection</li> </ul>   | <ul style="list-style-type: none"> <li>Vital registration</li> <li>Social protection</li> </ul>  | Ministry of Federal Affairs & Local Development: <ul style="list-style-type: none"> <li>Vital registration &amp; social protection</li> </ul>   |

**87. Local bodies have been assigned a wide range of functions.** As per the LSGA, LBs are expected to assume some kind of responsibility for most key service delivery sectors. In that sense, the LSGA provides LBs with an ambitious service delivery agenda and enables LBs to intervene – in one way or another – in virtually all sectors<sup>38</sup>. This is somewhat constrained by the Local Body Resource Mobilization and Operation Management Guidelines (RMOMG), issued by MoFALD in 2013<sup>39</sup>, which limit exactly what LBs can finance in the functional areas for which they have normative responsibilities. In the education sector, for example, the RMOMG appears to prohibit LBs from financing recurrent costs (such as salaries for contract teachers) even though this proscription is not part of the LSGA's provisions.

**88. But there is ambiguity about what this means in terms of actual responsibility.** For example, VDCs are expected to 'supervise and manage the schools being operated within the village development area' – which leaves open the question of what 'manage' means. Does school management by VDCs imply that VDCs are expected to finance schools or hire teachers? This does not occur and government rules indicate otherwise, yet it would appear that the LBs are supposed to engage in management of local schools. This formulation and resulting ambiguity is repeated for a large number of public services, including such areas as health, agriculture, and transport. (see table 3 above and Annex 3)

**89. Most functions assigned to LBs by the LSGA are voluntary.** With the partial exception of municipalities, there is no indication of whether functional responsibilities are exclusively to be carried out by LBs, whether tasks within a function are shared, or if LBs in fact have no responsibility for outcomes. Given that the overall legislative framework shows a *de facto* sharing, it is not clear from the law what LBs are required to do and how this fits with line agencies' responsibilities. The absence of mandatory assignments suggests that LBs have broad discretion to do as they see fit without explicit responsibility for outcomes or service levels. There is greater clarity in cases where LBs carry out delegated tasks for which conditional financing is provided. The situation is somewhat different for municipalities where the LSGA specifies that functions and duties are to be performed 'mandatorily' although the description of functions is expansive and does not appear to correspond to municipalities' resources and *de facto* practices.

**90. Although LSGA functional assignments often do demarcate the respective responsibilities of DDCs, VDCs and municipalities, there remains considerable overlap among LBs.** With respect to social protection, for example, DDCs (for their 'women and helpless people' function) and VDCs (as a 'miscellaneous' duty) appear to have almost identical functions. The same can be said of DDC and VDC/municipal responsibilities with respect to agriculture, education, health and the environment. MoFALD issued a Local Infrastructure Development Policy (LIDP) in 2004 which does indeed provide a more consistent demarcation between national and sub-national infrastructure, but it does not assign specific and discrete infrastructure responsibilities to DDCs, VDCs and Municipalities. The local planning process, as prescribed by the LSGA, also tends to blur DDC and VDC functional assignments. While VDCs initially plan and then take on what they can at their level, they also 'forward' proposals to DDCs through the 14-step planning process, many of which would normally be considered to be VDC responsibilities. These may or may not be accepted by DDCs as part of their plans – which will (or will not) then finance the implementation of such activities or schemes.

**91. The LSGA is not explicit regarding two key functions that LBs do play in practice: vital events registration and a share of responsibilities for social security payments.** Vital events registration is categorized by the LSGA as a 'miscellaneous' function for both VDCs and municipalities, although it is exclusively carried out by the LBs and one of the most recognizable

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<sup>38</sup> This is not unique to Nepal. In many francophone African countries, for example, laws specify a very broad set of functions for local governments. The same applies to Bangladesh, where Union Parishads are assigned a wide range of functions.

<sup>39</sup> The RMOMG superseded earlier and separate guidelines for VDCs, municipalities and DDCs.

public services provided by LBs to the population. The delegated management of social security payments – identification of beneficiaries per national criteria and delivery of the benefits (e.g. pensions and widows allowances) – is also categorized as a ‘miscellaneous’ VDC function and not defined as a municipal function, although carried out by municipalities.

**92. Functional assignments to LBs follow a principle of ‘supplementarity’ to line agencies rather than subsidiarity.** While the LSGA provides LBs with a wide range of functional responsibilities, the overwhelming majority of the same responsibilities are also assigned to line ministries. A recent fiscal decentralization stocktaking study<sup>40</sup> notes that although 23 sector laws were originally identified as conflicting with the LSGA, few have been amended to take into account LB functional responsibilities. The Government’s Allocation of Business Rules (2008) make it clear that major line ministries (such as the Ministry of Education or Ministry of Health and Population) continue to be responsible for the provision of the same sector services as are assigned to LBs by the LSGA. In sum, overall institutional arrangements with respect to functional assignments are not internally consistent.

**93. Even in cases where line ministries have tried to align themselves with decentralization policies, there remains functional ambiguity.** Primary education, for example, was defined as a devolved sector in 2002, for which the Ministry of Education drew up sector devolution guidelines. The guidelines, however, did little to make LBs genuinely responsible for primary education; instead, and consistent with previous primary education policies, School Management Committees (SMCs) and District Education Offices (DEOs) continued to be the principal managers of the primary education sector, with DDCs, VDCs and municipalities playing a largely symbolic role as chairs of their respective education committees. Managing funds for primary education also continued to be seen as a MoE/DEO responsibility. Even where funds for primary education have been channeled through DDCs (as is the case for the salaries of primary school teachers), this has not implied any meaningful involvement of DDCs in planning and budgeting; instead, the DDCs simply operate as an additional layer in the fund flow and bureaucratic process for the primary education sector<sup>41</sup>.

**94. In the case of functions (or services) assigned to them by the LSGA and which are not undertaken or provided by other institutions, LBs appear to meet their responsibilities.** This is notably the case for vital events and civil registration, which are typically local government functions, for which they are exclusively responsible and accountable. Moreover, vital events and civil registration are seen as key functions and expected by local populations – without official birth and marriage certificates, for example, it is technically impossible to obtain Nepali citizenship, without which children are not admitted into public schools and the old age are not entitled to non-contributory pensions.

**95. Where LBs are provided with earmarked grants or transfers, they take on the associated functional responsibilities.**<sup>42</sup> This is most obviously the case for social protection and cash transfers. On a delegated basis, VDCs and municipalities administer the vast majority of the government’s cash transfer programs (old age pensions, widows’ allowances, child grants, grants for disadvantaged households, etc.), using social security grants or transfers from MoFALD. The only major exception to this is the administration and management of scholarships – a form of conditional cash transfer – which are handled by schools and funded out of grants from the Ministry of Education. This is also the case for a variety of local infrastructure responsibilities, especially local roads, for which LBs often receive conditional grants from MoFALD. DDCs, in particular, are provided with substantial funds (in the form of conditional grants) for the maintenance and/or improvement of district-level road networks. The provision of such conditional grants ensures that LBs meet (some of) their assigned infrastructural responsibilities.

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<sup>40</sup> Kelly (2012).

<sup>41</sup> See Kelly (2012) for more on sector devolution in the primary education, health and agriculture sectors.

<sup>42</sup> This would appear to be a good example of ‘finance following functions’ – although it could be argued that, in practice, this is a case of ‘function following finance’.

**96. LBs use their discretionary resources for a wide range of activities.** Discretionary funds are own source revenues, shared revenues and block grants. Although the recent RMOM Guidelines require LBs to spend at least 35% of their block grant allocations on targeting certain categories of beneficiaries (women, children, and disadvantaged groups such as Dalits) and a minimum of 60% on the development of economic and social infrastructure, they do not include sector-specific spending requirements (see the section on intergovernmental fiscal transfers, paras 113 onwards, below for a description of transfers). Observers have identified five reasons for this practice of diffuse spending on small infrastructure projects<sup>43</sup>:

- Resource constraints that make it implausible to try to address many of the formal functional assignments;
- The broadness of the legal framework permits LBs to pick and choose from a wide range of public sector functions;
- The planning process is open-ended and appears to be driven towards providing for a large number of small projects to satisfy many constituencies rather than just a few strategic ones;
- Preference for small capital projects which are visible, even if this is not necessarily what would be most important for the particular service;
- Lower importance of supporting areas where there already is significant financing via line agencies even if it is a local function.

**97. The broad functional framework means that the accountability framework for local government focuses on allocation of funding (inputs) rather than service delivery (outputs and outcomes).** Outside of vital events registration and where there are delineated tasks such as social protection and the local road network, LBs are not clearly responsible for any public services. In particular, they are not responsible for ensuring delivery of services or making decisions about the quantity or quality of these services. LBs may take on such a role, but there is little legal impetus to do so. Accountability arises rather in the process of allocating and providing financing in a manner that meets local demands for small projects. The large degree of discretion means that LBs – in effect the VDC secretary, EO, or LDO – can cater to the needs and demands as formulated in localities.

#### *Local Bodies Functions in Practice*

**98. It is difficult to ascertain aggregate spending patterns which would give an indication of LBs' de facto functions.** Available consolidated fiscal reporting at the central level provides minimal characteristics of expenditures. It must be noted that the below proportions are based on reports on the use of centrally provided transfers, i.e. conditional and unconditional grants. Expenditures from own source revenues and shared taxes are not included. The following can be drawn from those reports:

- High levels of capital expenditure, but with a decline as a proportion of total expenditures from 80% in 2010/11 to 67% in 2012/13;
- Cash transfers for social benefits through the LBs have increased by approx. 900% between 2007/08 and 2011/12, now comprising nearly one-third of LBs' expenditures;
- For municipalities, where more data is available, average recurrent expenditures were 25%, but with some outliers as high as 51%; the seven largest municipalities (out of 58) account for 49% of all recurrent municipal expenditures, while the five largest municipalities account for 36% of total recorded capital expenditure.<sup>44</sup>

**99. Expenditure patterns in LBs in the two case districts demonstrate a broad range of LBs' activities.** A functional breakdown of VDC expenditures in Dhankuta district is provided in Figure 3. This figure was derived by looking at the detailed lists of scores of small mostly capital projects in the five VDCs where such detailed expenditures could be captured. Record-keeping in the VDCs in Dhanusa district was not sufficiently comprehensive to construct reliably a composite picture of

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<sup>43</sup> Cf. Kelly (2012).

<sup>44</sup> Local Bodies Fiscal Commission

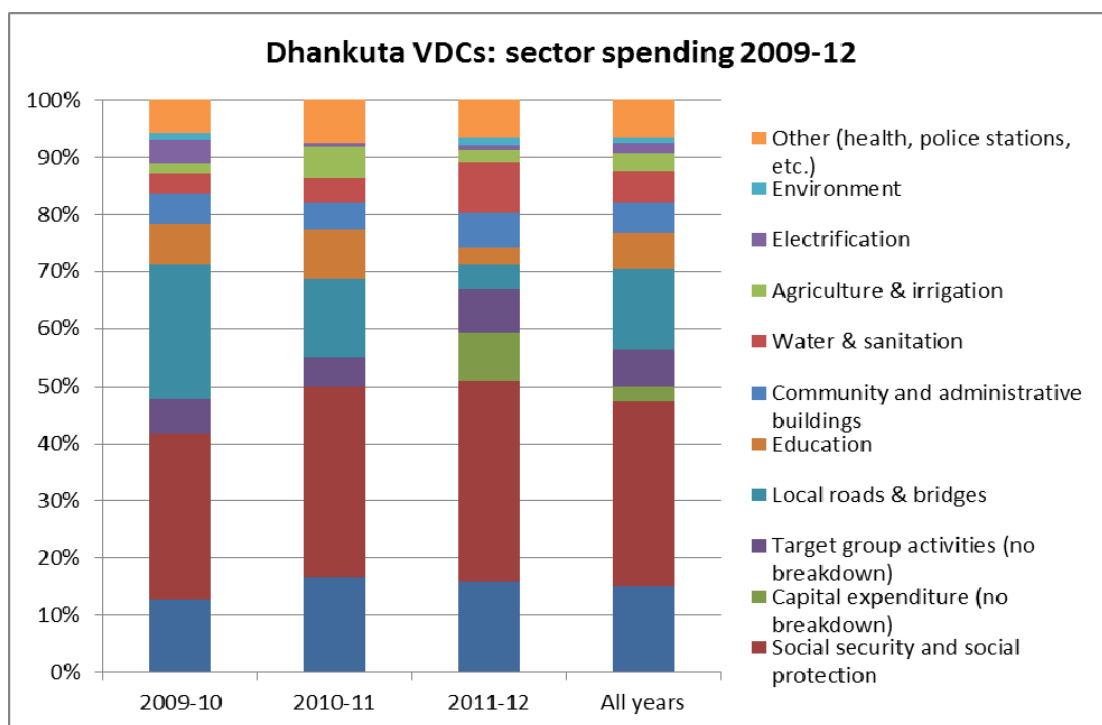


expenditures by function. See Annexes 1 and 6 for a detailed breakdown of expenditures and the methodology for compiling sectoral or functional grouping of expenditures.

**100. VDC expenditure patterns in Dhankuta are dominated by social security payments, administrative costs and support for maintenance of local roads.** Key features of VDC budgets are:

- Overall, administrative costs, social security payments and local roads account for about 60% of the expenditures. The remaining 40% is spread out across a large number of sectors – education, water & sanitation, community infrastructure, agriculture, electrification, environment, health, police stations, temples and miscellaneous activities.
- A significant proportion (30-35%) of VDC expenditure is accounted for by social security payments (pensions, widows' allowances, etc). This is in line with earmarked grants to VDCs for social security and the exclusive mandate of VDCs to administer such cash transfers.
- Spending on the construction and maintenance of local roads is also an important part (roughly 15%) of overall VDC expenditure. Financed out of block grants, spending on local roads is both a response to demand and a reflection of VDCs' mandate and the absence of other agencies to finance such activities.

**Figure 3: Dhankuta VDCs sector spending 2009-12**



**101. From the expenditure data for Dhankuta VDCs it can be seen that allocations are further fragmented within sectors.** Given that average annual expenditure among the Dhankuta VDCs is a little under NPR 4 million (US\$ 40,000), the absolute amounts spent on many of these sectors are relatively small. Detailed expenditure statements for VDCs<sup>45</sup> show that:

- VDCs tend to spend small amounts on discrete projects or activities. In 2009/10, Pakhribas VDC, for example, spent a total of NPR 580,000 on local roads, divided up into seven discrete projects, the largest of which cost NPR 300,000 and the smallest of which cost NPR 30,000;
- VDC spending outside of social security and administration tends to be on small scale infrastructure or capital items (e.g. construction of school facilities, repairing irrigation canals);

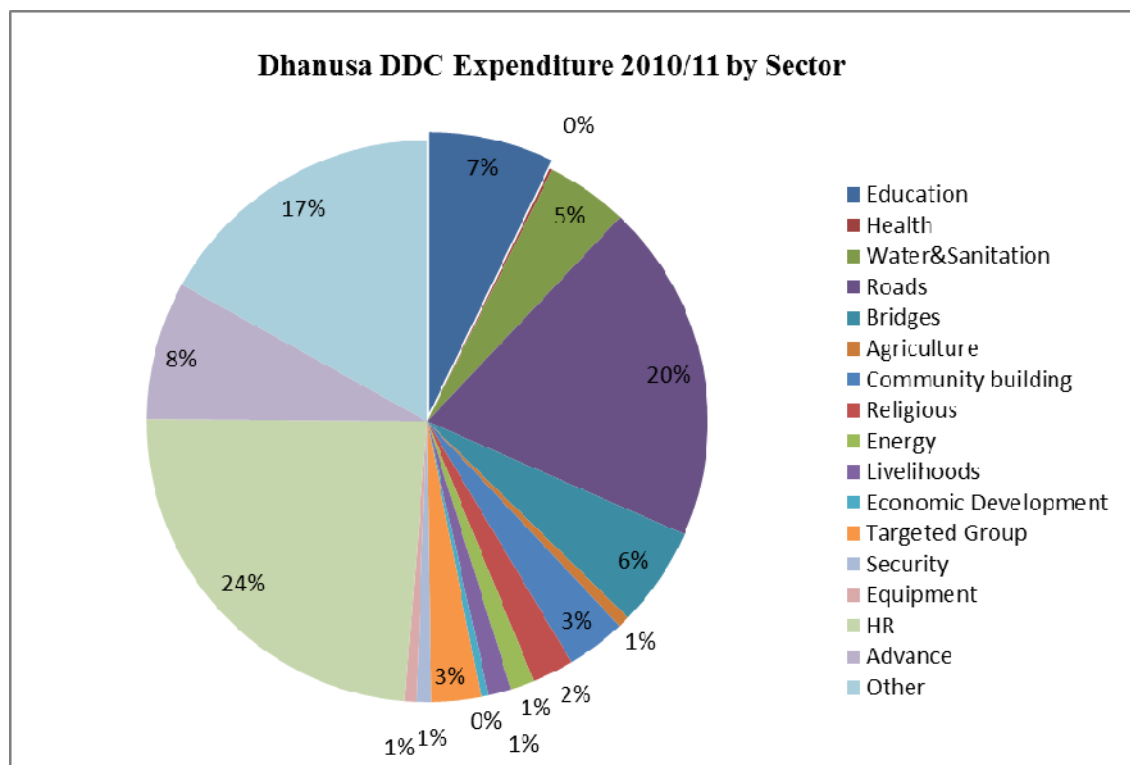
<sup>45</sup> Detailed expenditure statements for some VDCs in Dhankuta district are included in Annex 6.

- VDC spending in sectors like basic education (which receives substantial ministry funding) is on items that are peripheral, such as building walls around schools or school playgrounds.

**102. Municipal expenditure is similarly fragmented, although limited data shows more spending on local roads.** Dhankuta municipality, for which fairly complete data on expenditures was collected, spent about 15% of its 2010/11 and 2011/12 budgets on administration and social security. Spending on local roads accounted for almost 40% of total expenditure and the remaining 45% was spent on education, health, water supply, solid waste management and a range of other sectors and sub-sectors.<sup>46</sup> Moreover, expenditure items are typically small (see the local roads chapter below for details on the small size of roads projects).

**103. The same eclectic patterns of spending are seen at the DDC level.** Figure 4 provides a graphic summary of Dhanusa DDC's development spending in 2010/11<sup>47</sup>. Although spending on the local roads and bridges sectors is important, accounting for roughly one third of the DDC's total development expenditure, the DDC was also involved in providing significant funding for education, water & sanitation, livelihoods, community buildings, and religious buildings (for which expenditure was over ten times greater than for DDC spending in the health sector).

**Figure 4: Dhanusa DDC expenditure 2010/11 by sector**



**104. Dhanusa DDC also allocates funds to a very large number of often small items within each sector<sup>48</sup>.** Moreover, many of the DDC's expenditure items (such as spending on primary or lower secondary schools or spending on community buildings) might normally be VDC responsibilities – illustrating the extent to which functional assignments across tiers of the local government system may overlap in practice.

<sup>46</sup> See Annex 6 for a detailed expenditure statement for Dhankuta municipality.

<sup>47</sup> The development section comprises most capital funding in the budget. Detailed expenditures that could be classified by function were only available for this part of the budget and only in Dhanusa.

<sup>48</sup> See Annex 6 for a detailed expenditure statement for Dhanusa DDC.

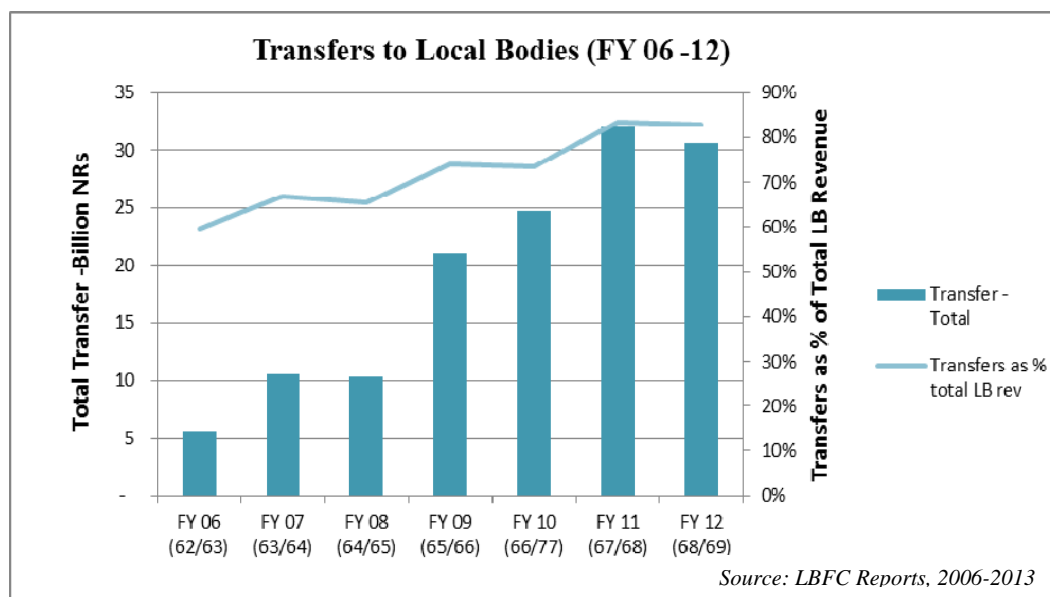
**105. Public perceptions about service delivery responsibilities correspond to de facto LB areas of focus.** In the education sector, for example, about 65% of survey respondents claimed that they see SMCs, DEOs and MoE as responsible for the quality of education, while less than 15% of respondents hold local bodies or local education committees responsible. The responsibility of local education institutions is further reflected in the overwhelming public perception that it is to them that complaints about the quality of education services should be addressed. In the local roads sector, on the other hand, just over 70% of respondents identify local bodies as being primarily responsible for the quality of infrastructure, with a further 20% attributing this to UCs. These institutions are also the ones to which the public feels that any complaints about local roads should be addressed.<sup>49</sup>

**106. LBs are not necessarily focusing on citizens' highest priorities for public services, but rather in areas where they are expected (or required by conditional transfers) to deliver.** In terms of local public services, citizens in both districts accord the highest priority to education and health. Almost 90% of respondents in Dhankuta and Dhanusa perceived these two services to be very or extremely important. Local roads were the third overall highest priority, rated as very or extremely important by just over 80% of respondents. These three sectors were all seen as more important than water & sanitation (75% finding it very or extremely important), electrification (61%) and vital/civil registration (62%). This appears to reflect a *de facto* division of labor between LBs and line departments, rather than a lack of responsiveness.<sup>50</sup>

#### D. The Intergovernmental Fiscal Framework

**107. Nepal's intergovernmental fiscal framework is marked by a concentration of revenues at the central level, a complex system of transfers to LBs and an overall increase in recent years of LBs' discretionary and non-discretionary revenues.** The total expenditure of LBs as a percentage of central government expenditure has increased six-fold between 2006/07 to 2012/13, entirely due to substantial increases in intergovernmental fiscal transfers. Transfers to LBs made up 9 - 12% of total central government expenditures in the last three fiscal years ending FY 2012.<sup>51</sup>

**Figure 5: Fiscal transfers to LBs for FYs 2006-2012**



<sup>49</sup> See Annex 5.

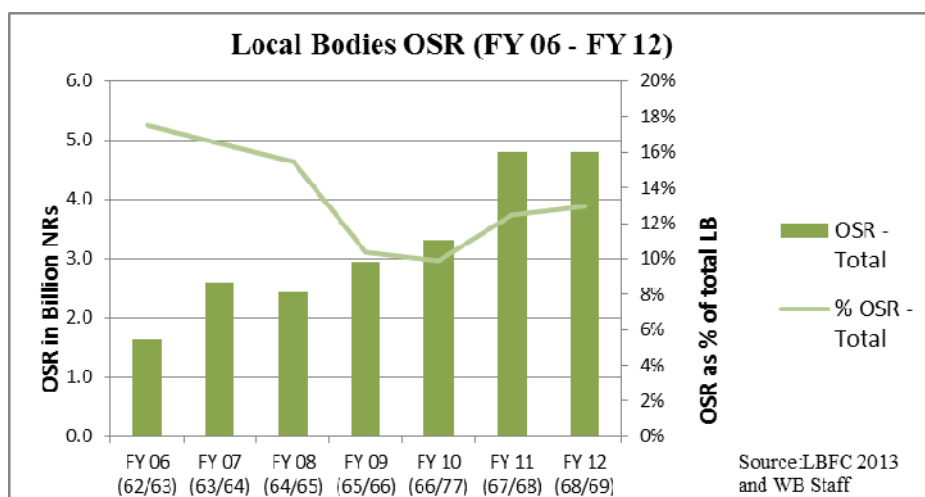
<sup>50</sup> See Annex 5.

<sup>51</sup> LBFC, Budget speech 2013.

**108. Major sources of revenue such as VAT, income tax or excise duties are collected nationally while LBs are assigned small, mostly so-called ‘nuisance’ taxes.** VDCs and municipalities have eight local taxes apiece. This includes a ‘rent and tenancy’ property tax, which can be significant where there is substantial agricultural land, such as in the Terai. However, its collection is limited and is hampered by issues with maintaining a proper cadastre. VDCs and municipalities can also charge a range of service fees and license fees. Notably, outside of two cities in Kathmandu Valley no LB charges fees for solid waste collection. DDCs have four minor taxes and the right to levy service fees. LBs do not have authority to set tax rates or bases. There are generally not enough trained personnel for tax collection nor are there effective enforcement mechanisms for local taxes. See Annex 4 for a breakdown of revenue assignments.

**109. Own source revenues (OSR) are a small and shrinking proportion of the total revenue of LBs.** In FY 2006/07, OSR<sup>52</sup> were around 17.5% and grants made up around 60% of the total revenue. In FY 2012/13, OSR saw a decrease to 13%, while the central government’s grant transfer increased to 83% of the total revenue.<sup>53</sup> For example, OSR as a proportion of total municipality revenue has been declining from 33% of total municipal revenues in FY 2006/07 to 18% in FY 2010/11. This decrease in OSR as a proportion of total revenues is largely due to the substantial increase in fiscal transfers, as local OSR has in fact tripled over the same period.

**Figure 6: LB own source revenue for FYs 2006-2012**



**110. There are large variations in own source revenue potential and collection among LBs.** The 58 municipalities collect roughly half of all LB own source revenues, while the nearly 3,915 VDCs take in only 20% in total. A small number of DDCs in Kathmandu Valley and the Terai receive significant income from sand and gravel sales, which functions as a kind of excise tax on the transport of these. Similarly, the OSR collected by VDCs in aggregate in 10 districts accounts for more than 20% of total VDC revenues, while, on the other hand, in the majority of districts (57 out of 75), OSR accounts for less than 10% of total VDC revenues.<sup>54</sup>

**111. A large proportion of DDC and municipal OSR comes from user charges and fees.** In FY 2011/12, tax revenue in municipalities was only 41% of the total municipal OSR, while the remaining share came from non-tax revenues, service fees being the largest contributor with 42% of the total OSR. Similarly, in DDCs around 55% of the total DDC OSR is generated from tax, the remaining

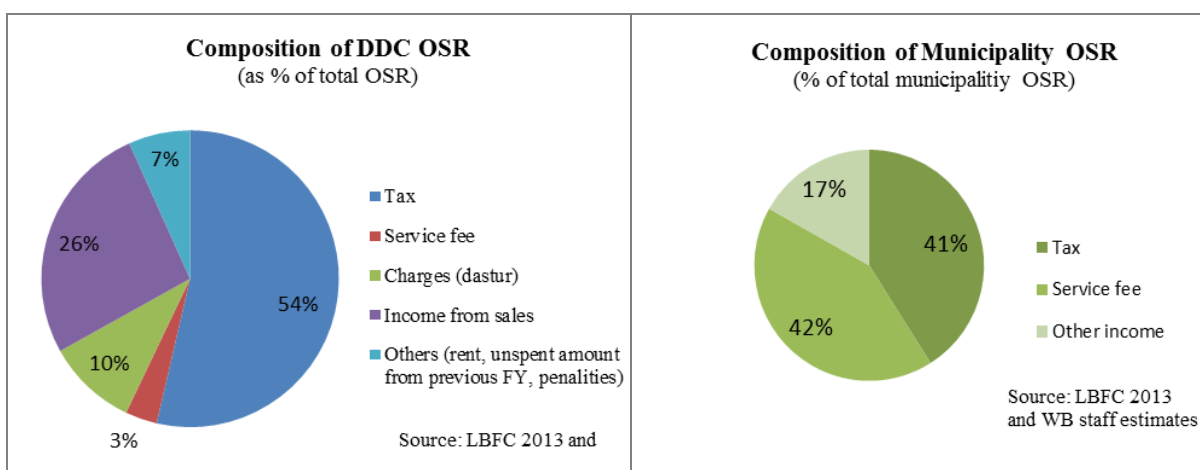
<sup>52</sup> This includes shared revenue of VDCs as disaggregated data was not available for VDCs.

<sup>53</sup> LBFC reports (2007 to 2012) and WB Staff estimates

<sup>54</sup> LBFC Report, 2013

percentage is generated from non-tax revenue. Income from taxing sales (of sand, boulders, wood, etc.) is the second largest revenue source and highest non-tax contributor to DDC budgets.

**Figure 7: Composition of Municipality and DDC own source revenue**



**112. The LSGA provides for vertical and horizontal revenue sharing between center and local government or among local governments.** The types of shared revenues are outlined in Annex 4. Of these revenues, the most important is the house and land registration fee shared between DDCs and the central government: in FY 2011/12 it accounted for one third of DDCs' OSR and shared revenues combined. However, the share of the income from registration fees flowing back to DDCs is capped at 6 million NPR (about US\$60,000).

#### *Intergovernmental Fiscal Transfers (Grants and Social Payments)*

**113. Conditional grants are transfers from central government agencies for specific recurrent or capital expenses.** LBs are required to specifically report on the expenditures under each such conditional grant to ensure that they are meeting the criteria set by the central agency allocating the grant. Central agencies run multiple programs involving conditional grants to LBs and separate expenditure reporting for each program. Conditional grants make up a large part of LBs' budgets. This is one of the reasons why major parts of financial reporting are done by revenue source<sup>55</sup>. The largest type of conditional grant in terms of budget is social benefit transfers, which are administered by LBs. The second largest conditional grant is for local infrastructure, usually provided via the Department of Local Infrastructure Development and Agricultural Roads (DoLIDAR) in MoFALD.

**114. Unconditional grants, usually referred to as block grants in Nepal, provide largely discretionary revenue.** There are capital block grants and recurrent block grants to be spent on staff and core administration costs. As for the capital block grant, LBs are required to spend a minimum proportion of it on project activities that benefit certain historically disadvantaged segments of the population, in that sense limiting the LBs' discretion. The capital block grant comprises of two components:

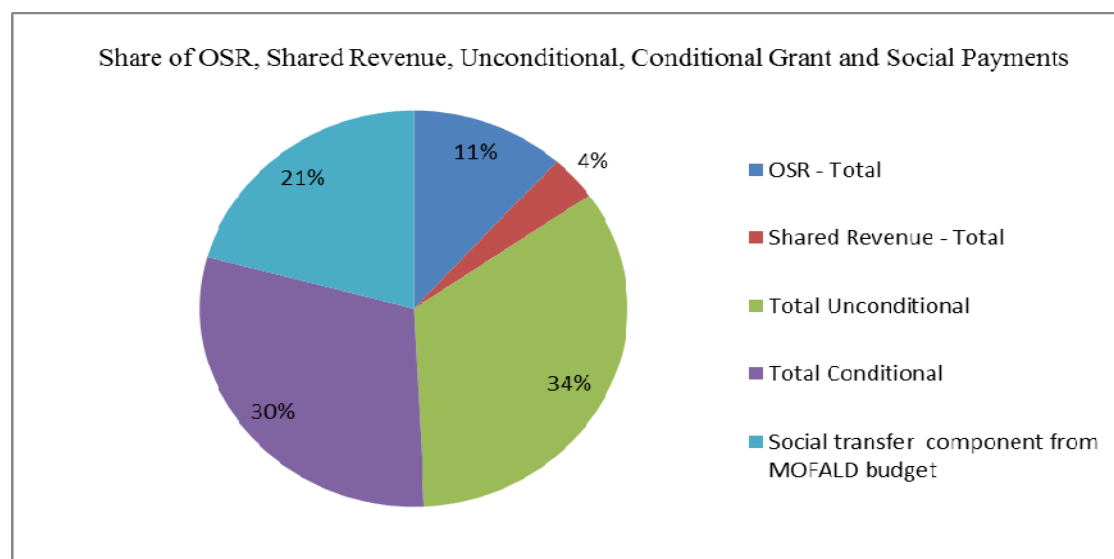
- i) Minimum grant: LBs receive an annual 'minimum block grant' for capital expenditures; VDCs receive between NPR 1.5 million and 3 million depending on criteria such as population or poverty levels, while DDCs all receive a flat amount of NPR 3 million;
- ii) Formula based MC/PM grant: in addition to the minimum block grant, LBs may be provided with an additional grant dependent on the fulfillment of meeting certain minimum requirements (e.g. proper financial management) and performance measures, trying to incentivize compliance with legal provisions and good performance.

<sup>55</sup> See section on Financial Management (para 72).

**115. *Per capita* grant allocations vary considerably from one local body to another.** Unconditional grants are driven by formulae that are specifically intended to give weight to poverty, land area and local costs, as well as population. However, the ‘equal shares’ component means that per capita allocations will be higher in smaller local bodies<sup>56</sup>. In addition, *per capita* conditional grant allocations – which are not allocated on the basis of any formula – are also variable: Dhankuta DDC, for example, received in FY 2012 a per capita conditional grant allocation (about NPR 1,500) that was over ten times greater than Dhanusa (about NPR 120).

**116. Municipalities and VDCs exercise substantial discretion over about half of their revenues; DDCs have less such discretion.** This is despite the fact that social payments via VDC and municipal budgets have increased faster than any other recorded revenue in local budgets. National financial statements for the FY 2012/13 (the ‘Red Book’) show that unconditional grants, conditional grants, and social benefit transfers make up 40%, 35%, and 25% respectively of all transfers. If one takes that proportion and applies it to the proportion of ‘grants’ reported in the Local Bodies Fiscal Commission on OSRs, then roughly 34% of LBs’ revenues are largely discretionary block grants and another 15% are fully discretionary OSRs.<sup>57</sup> It would appear based on available national level data that the proportion of discretionary spending is even higher at the VDC and municipality level. Whereas overall for LBs unconditional grants make up 40% of the total transfers, they made up only 20% of total transfers to DDCs. A breakdown below DDCs is not available but it appears logical that VDCs and municipalities would have discretion over somewhat more than 50% of all revenues.

**Figure 8: Types of fiscal transfers in their proportions**



Data Sources:

OSR, Shared Revenue = LBFC 2013

Total Conditional and Unconditional Grant, Social Payment = Red Book, 2013

**117. Data for Dhankuta<sup>58</sup> reflect the nation-wide breakdown of discretionary versus non-discretionary revenues.** In Dhankuta VDCs enjoy discretionary powers over about 60% of their total revenues. VDCs typically receive only one conditional grant, for social security; other transfers are almost exclusively recurrent or capital block grants, over which they have substantial discretion.

<sup>56</sup> See Boex (2012).

<sup>57</sup> Figures for grants in LBFC’s data differ from those of central transfers in the Red Book. This means that combination of proportions of central government transfers as per the Red Book with records of central grants received by LBs mixes data that does not match. However, the proportions derived from the Red Book provide a rough sense of scale between various types of conditional and unconditional transfers received by LBs.

<sup>58</sup> Revenue data for VDCs in Dhanusa is too inconsistent to be analysed.

### III. SUB-NATIONAL SERVICE DELIVERY: LOCAL ROADS AND PRIMARY EDUCATION

#### A. Local Roads

##### *Normative Institutional Framework*

**118. Local body functional responsibilities in the local roads sector are specified in several legal, regulatory and policy documents.** The Local Self Governance Act (LSGA, 1999) spells out LB functional assignments, which include local roads and transport infrastructure. The LSGA also specifies that concerned line ministries are expected to assist LBs in the planning and implementation of their development programs. LSGR (2000) and LBFAR (2007) provide more detailed operational and financial management rules, applicable to all LB activities (including those related to the local roads sector). Finally, the Local Infrastructure Development Policy (LIDP, 2004) assigns responsibilities to LBs in seven local infrastructure sub-sectors, including local roads and transport. The LIDP further classifies local infrastructure as village level, municipal level and district level (without actually providing much detail on precisely what types of infrastructure correspond to which level).

**119. The Public Roads Act (PRA) of 1974 remains the principal legal framework for the roads sector as a whole.** Although the PRA is no longer up to date, a range of more recent policy documents have tried to address issues related to the roads sector – notably the National Transport Policy (2002) which classifies the local transport system as consisting of district roads, village roads, agriculture roads, municipal roads and major foot trails, for which planning, construction and maintenance are LB responsibilities.

**120. This normative institutional framework for the roads sector is internally not fully consistent.** The Department of Roads and DoLIDAR, for example, use different definitions for classifying roads and assign responsibilities for their management to different institutions. The harmonization and rationalization of the overall policy framework for the roads sector is a priority at present for DoLIDAR<sup>59</sup>. This is further complicated by the often low levels of LB compliance with policies, regulations and guidelines. This appears to be particularly marked in the local roads sector.

**121. There are several key national and sub-national institutional stakeholders in the local roads sector<sup>60</sup>.** At the center, the National Planning Commission (NPC) provides policy and budgetary directives; the Ministry of Finance allocates resources and authorizes the release of budgets, grants and transfers; MoFALD and DoLIDAR provide guidance and support to LBs with respect to their activities in the local roads sector; the Roads Board provides funding for local roads maintenance; and, finally, the Department of Roads (DoR) also directly undertakes local roads activities.

**122. At the sub-national level, DDCs, VDCs and municipalities are responsible for the planning, prioritization and implementation of local roads within nationally set guidelines.** Local roads sector activities are planned and undertaken according to the generic planning and implementation procedures for LBs (paras 65 onwards above). However, the authority of LBs (especially DDCs) in the sector is limited by conditions attached to earmarked roads sector funding. In some cases work on local roads is carried out separately by the Department of Roads. District Technical Offices (DTOs in DDCs are expected to provide all LBs with technical support. In practice, they tend to direct their limited capacity to district level roads and to GoN and donor-funded sector programs. The construction and maintenance of local roads are dominated by user committees (UCs) except for DoR roads, which are usually given to private contractors.

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<sup>59</sup> See Government of Nepal and The World Bank, *Road Sector Assessment Study*, Nepal (2013).

<sup>60</sup> See Annex 9 for a detailed description of the roles of institutional stakeholders in the local roads sector.

**123. The roads sector in Nepal is divided between the Strategic Road Network (SRN), which includes national highways and feeder roads, and the Local Road Network (LRN).** All roads outside of the SRN are automatically local roads. Although estimates vary, the LRN consists of at least 50,000 km of roads. Only 5% of local roads are paved. Most paved roads are situated in the relatively flat Terai region, where the majority of other local roads are graveled. In the Middle Hills, on the other hand, there are few paved roads and most local roads are earthen. The overall consensus is that over half of all local roads are inoperable.

**Box 6: Local road networks in Dhankuta and Dhanusa**

Dhankuta: the current road network in Dhankuta district consists of a total of 1,010.5 km of registered roads; in addition, there are estimated to be about 500 km of unregistered roads. Of this, 119 km are strategic roads, 538.1 km make up the District Road Core Network (DRCN, which link up the VDCs and Dhankuta municipality) and 353.4 km are village roads. Less than 1% of the DRCN consists of paved roads; the vast majority of DRCN and village roads are earthen. Only 20% of DRCN roads and 5% of village roads are considered to be 'all weather' (i.e. usable throughout the year, including the monsoon season); the remainder are only 'fair weather' (i.e. unusable in poor weather conditions).

Dhanusa: the existing registered road network in Dhanusa district consists of just over 177 km of strategic roads, about 505 km of district level roads (making up the DRCN), and 427 km of village or municipal roads. A little over 5% of the DRCN is paved, 30% is graveled and about 65% is earthen. The vast majority of registered village or municipal roads are earthen. 65% of the DRCN is classified as being in poor condition and 35% is classified as being 'all-weather', the remainder (65%) being 'fair weather'.

*Source: Dhankuta DTMP (2013), Dhankuta DTO; Dhanusa DTMP (2014)*

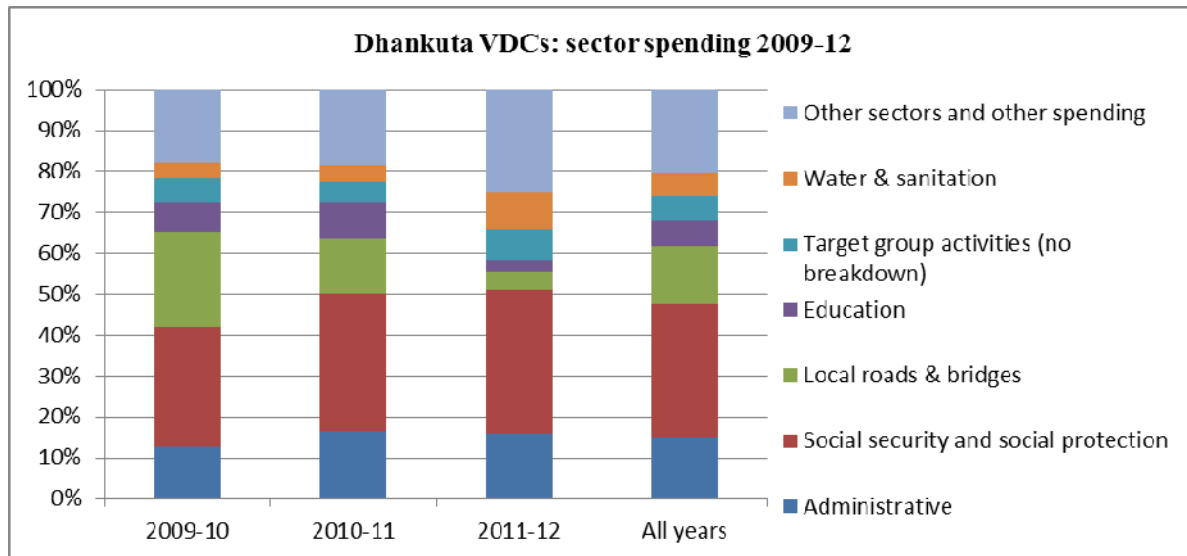
*Local Roads: Planning and Implementation in Practice*

**124. In practice, the ways in which local roads sector activities are planned and implemented by LBs appear to vary according to the source of funding.** Where LBs rely on their own source, or shared revenues, and unconditional block grants (for which they enjoy a good deal of discretion with respect to the use of such funds), LBs appear to follow the 'generic' planning and implementation framework. In these cases, the overall priority accorded to the local roads sector (in relation to other sectors) and to specific roads sector projects are identified through a combination of bottom-up planning and council decision-making. In all types of LB, roads sector spending funded out of own source, shared and block grant revenues is a relatively high priority.

**125. At the VDC-level, considerable priority appears to be given to spending on local roads.** As can be seen from figure 9, VDC spending (in Dhankuta district) in the local roads & bridges sector accounts for 4-24% of annual expenditure. Taken over a three-year period (2009-12), the VDCs in Dhankuta spent just over 14% of their total budgets on the local roads sector. Local roads are the third largest spending category for the VDCs, after social security transfers and administrative costs.

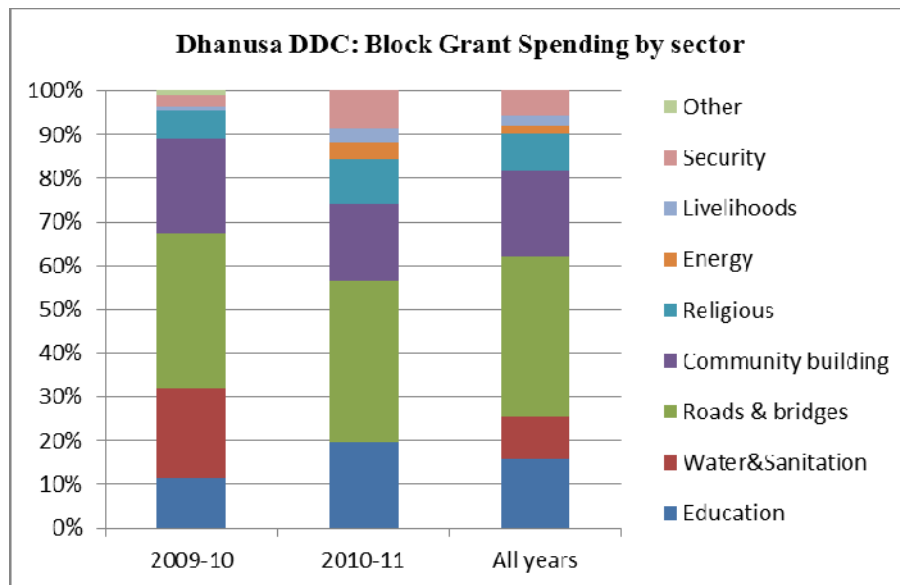


**Figure 9: Roads and other sector spending by VDCs**



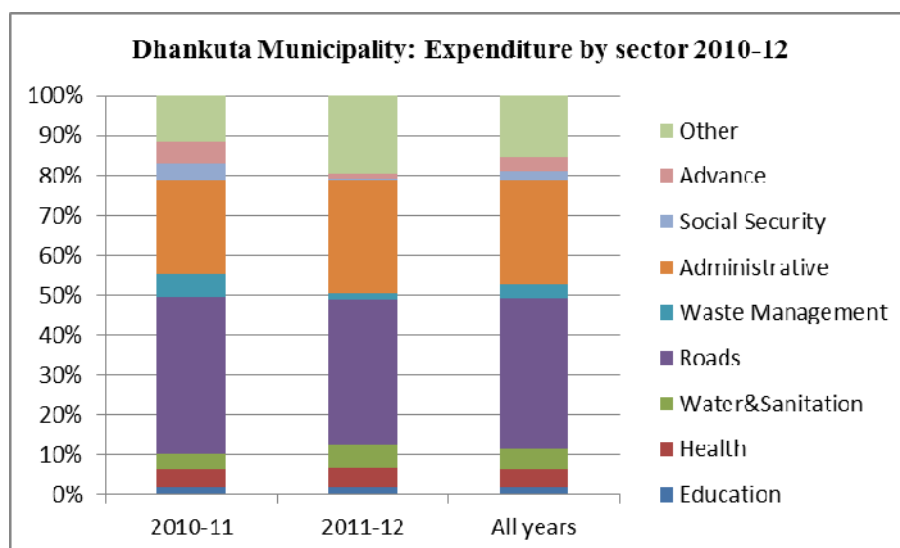
**126. DDCs appear to give the local roads sector a higher spending priority than VDCs in their use of discretionary revenues.** Dhankuta DDC, for example, spent just under a third of its block grant resources on the local roads sector between 2009 and 2011; indeed, the roads/bridges sector was the largest sector in terms of spending (see figure 10 below).

**Figure 10: Dhanusa DDC block grant spending by sector**



**127. Municipalities appear to place an even greater emphasis on the local roads sector.** In Dhankuta municipality, for example, spending on the local roads sector accounts for almost 40% of total annual expenditure (based on all revenues) and is by far the biggest spending sector.

**Figure 11: Dhankuta – municipal expenditure by sector**



**128. The annual roads sector planning process is supposed to be informed by District Transport Master Plans (DTMPs).** DTMPs are prepared by technically competent roads sector planners, based on consultations with key local stakeholders, and approved by district councils. DTMPs focus on District Road Core Networks (DRCNs) and do not apply to village or municipal roads. DTMPs accord a high priority to maintenance and a low priority to the construction of new roads. The selection of which DTMP elements are to be funded each year is integrated into the regular annual DDC planning process. Up until recently, however, DDCs have paid limited attention to their DTMPs<sup>61</sup> – which have generally been used as a framework for national roads sector programs, often funded by donors.

**129. Data from Dhankuta and Dhanusa indicate that local roads sector activities funded out of discretionary resources follow the same pattern whereby LBs spread resources among a large number of projects.** Planning for the roads sector is part of the standard LB planning process discussed in paras 65 onwards. The result is that spending on the local roads sector is spread out over a large number of individual projects for all types of LBs. These are typically small given that (a) the local fiscal budget is of limited size and (b) local councils and officials are under pressure to satisfy as many constituents as possible. In the VDCs, DDCs and municipalities surveyed, this tendency – described as the ‘sprinkler effect’ by a recent study<sup>62</sup> – is readily apparent in the large number and small size of roads sector projects (see table 4 below). The average cost of VDC roads sector projects (of all types) is about NPR 122,000 (US\$1,200), which is very small; Dhanusa DDC and Dhankuta municipality have larger projects, but these still cost remarkably little (on average less than NPR 550,000).

<sup>61</sup> This now appears to be changing, as the government and its development partners have begun to insist that annual planning and implementation of local roads activities by DDCs be strictly guided by DTMPs.

<sup>62</sup> See *Road Sector Assessment Study*, GoN/WB (2013).

**Table 4: Local roads projects in selected local bodies**

| Roads sector activities | Dhankuta VDCs 2009-12                  |                 |                                | Dhanusa DDC 2009-11                    |                 |                                | Dhankuta municipality 2010-12          |                 |                                |
|-------------------------|--|-----------------|--------------------------------|--|-----------------|--------------------------------|--|-----------------|--------------------------------|
|                         | Spending on roads sector (NPR million) | No. of projects | Average cost of projects (NPR) | Spending on roads sector (NPR million) | No. of projects | Average cost of projects (NPR) | Spending on roads sector (NPR million) | No. of projects | Average cost of projects (NPR) |
| All activities          | 7.70                                   | 63              | 122,000                        |  |                 |                                |  |                 |                                |
| Maintenance             |  |                 |                                | 29.91                                  | 88              | 340,000                        | 34.30                                  | 64              | 535,000                        |
| Construction            |  |                 |                                | 9.44                                   | 18              | 524,000                        | 14.55                                  | 27              | 538,000                        |

**130. Local bodies do not appear to be engaging in the local roads sector in a strategic or systematic way.** Rather than trying to maintain or upgrade entire stretches of the local roads network, LBs tend to take an approach of satisfying a range of local stakeholders (communities, UCs, political leaders, etc.), who may have parochial interests rather than a vision of the local roads network as a public good. Although most DDCs now have updated DTMPs, which potentially provide a coherent framework to guide investments and activities in the local roads sector, these do not appear to be rigorously adhered to given the local context (as Box 7 below illustrates). VDCs, on the other hand, have no strategic document for the local roads sector. This leaves them more vulnerable to parochial interest groups, and limits their ability to look at their road networks as a whole.

**Box 7: Dhankuta DDC's current approach to the local roads sector: 'Everybody gets something'**

For the coming FY (2014/15), the DDC in Dhankuta intends to allocate about NPR 22 million to the local roads sector, to be financed out of the DDC's unconditional block grant and from conditional grants. According to the DTO, the allocation of funds to individual road projects will be consistent with the DTMP, which was updated in 2013; priority will be given to maintenance and road improvements, rather than to new construction. Allocations will be limited to work on the district's 22 DRCN roads, each of which has its own UC. The district council will meet to decide on how to allocate these funds – both the LDO and the head of the DTO agree that allocations from the overall roads envelope are almost certain to be made to everybody, in other words to all 22 UCs (but with some variations in the amount allocated, depending on 'difficulties' with certain UCs). Doing otherwise, the LDO and DTO head argued, would create problems with local stakeholders. Once the sub-allocations are made, the DTO and respective UC will discuss the exact nature and location of the works to be undertaken.

Source: fieldwork notes (Dhankuta, January 2014)

*Conditional Financing and Other Fund Flows for Roads*

**131. DDCs also receive more tightly earmarked conditional grants for the local roads sector from the government and donors.** During the period 2009-2012, Dhankuta DDC, for example, has received separate grants for agricultural roads, for bridges, for local transportation, and for road maintenance. These leave the DDC with little discretion as to their use – either in terms of locality or activity. Moreover, some of these conditional grants appear not to have been budgeted for, suggesting that they were allocated on an *ad hoc* basis and outside of the DDC's regular planning and budgeting cycle. These diverse, unpredictable and typically *ad hoc* sources of funding do not foster a strategic approach to the planning and management of the local roads sector. In such cases, local planning may be limited in practice.

**132. End of year budget reallocations are important.** During the third trimester of each FY, the Ministry of Finance reallocates budgets from projects or activities that are likely to remain unspent before the end of the FY to 'new' projects or activities. Such reallocated budgets are often channeled through DDCs to finance earmarked works in the local roads sector, even though they are (more often than not) unplanned at the local level. This is a top-down process and does not follow any formal

national or local planning process. Given that these budget reallocations take place towards the end of the FY and do not correspond to any regular planning or project preparation process, the roads projects that are financed may be hastily implemented. It is often the case that UCs are created to implement them quickly while limited levels of technical support and supervision are provided. As a result, quality may be compromised.

**133. Municipalities have an additional specific reallocation mechanism.** Unspent Local Development Fee (LDF<sup>63</sup>) funds are allocated to municipalities on the basis of proposals (including roads projects) that they submit to central government and which municipalities are willing to co-fund out of their own source revenues or beneficiary contributions. These funds are so-called *Jageda Kosh* (matching funds). These funds are allocated by a central level committee, chaired by the Secretary of MoFALD and including representatives from MoF/FCGO and the Municipal Association. Operational guidelines for the management and use of such funds are in place. Again, this can lead to *ad hoc* planning.

**134. Rural Community Infrastructure Works (RCIW), a food-for-work program jointly implemented by the GoN and WFP, also contributes to roads.** RCIW includes an important local roads component. At the DDC level, a separate technical wing (distinct from DTOs and DoLIDAR) oversees RCIW implementation. Local roads planning under RCIW may or may not be consistent with the wider DDC road sector planning process.

**135. MPs' Constituency Development Funds of NPR 1 million apiece are often a source of financing for the local roads sector.**<sup>64</sup> This is disbursed through DDCs as authorized by the MP. DDC/DTO technicians are responsible for technical supervision of these projects. Given the limited capacity of DTOs, road projects appear to be often implemented without detailed engineering design and funds are released on a cost estimate basis. These roads projects are generally implemented through UCs, often selected by MPs themselves. The sole accountability for these types of program resides in the MPs, who are responsible for authorization. DDCs function like a post office for budget release, although they are responsible for all related audit functions.

**136. The Department of Roads (DoR) also carries out works on the local road network, though it is supposed to limit itself exclusively to the Strategic Roads Network.** Financing for this work comes via national budget heading 68/4/5/249, a heading that provides for specific local development spending determined by the central government. This provides an opportunity for national politicians and leaders to influence the selection of local roads sector projects that are included in the NPC's annual program book. There is no coordination mechanism between DoR and LBs and in practice this occurs only if DDCs ask for the information.<sup>65</sup> The amount of work on the local roads network that is carried out by DoR varies from year to year and from place to place. In Dhanusa, for example, DoR's divisional office spent very little in 2010/11 (NPR 1.2 million) on local roads, but spent over NPR 20 million on local roads in the following year (2011/12), representing roughly 40% of its annual works budget.

**137. While funding for the local roads sector has increased, the financing arrangements do not lend themselves to coherent planning and management of local road networks.** Although LBs can generally rely on their own, shared and block grant revenues – all of which are fairly predictable – this is not the case for either conditional grants or the other funding/grant modalities described above. Conditional grants, earmarked for the local roads sector, are often not predictable nor are they based on a transparent formula. Instead, they appear to be allocated in a largely *ad hoc* fashion by central

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<sup>63</sup> The Local Development Fee (LDF) is provided to municipalities by central government as compensation for revenues previously mobilized through *octroi* taxes, which were abolished in order to comply with WTO regulations. See Annex 4 for more discussion of LDF.

<sup>64</sup> MPs elected through proportional representation can allocate such funds to more than one district, up to a maximum of 6 projects/ constituencies.

<sup>65</sup> According to DTO in Dhankuta, field report.

government. There are also parallel sources of road sector funding and a number of *ad hoc* allocation mechanisms, few of which are predictable.

#### *Implementation Issues in Maintaining the Local Roads Network*

**138. Persistent delays in the release of funds can undermine work in the local roads sector.**

The late release of funds forces LBs to rush the implementation of local road works during the last trimester, which may further compromise quality.

**139. LBs have limited technical capacity.** The pool of qualified road engineers is relatively small in size. Inherent capacity limitations are exacerbated by the ‘sprinkler effect’ in the local roads sector, which results in a limited number of technical staff being spread thinly across a large number of projects and activities. The problem is further complicated by the reliance on UCs, many of which may have limited skills and other limitations requiring relatively frequent technical backstopping to ensure minimum standards. Increasingly large conditional and unconditional grants have expanded spending on the local roads sector – stretching still further local technical capacities. There is currently a mismatch between spending on local roads and the technical capacity of LBs to properly manage activities in the local roads sector.

**140. Quality of implementation of roads building, maintenance, and upgrading could be improved.** Although LBs can implement road sector projects through contractors, UCs or directly by themselves, in practice the majority of local road projects are implemented through UCs (see box 5 on UCs above). Leaving aside problems associated with the composition and management practices associated with UCs, the LBs’ reliance on them to implement local roads works may result in reduced quality. Whatever their benefit in terms of local participation and ownership, UCs often appear to have limited capacity and technical skills to carry out quality road works.

**141. VDC level road projects in particular tend to be of limited quality.** Detailed engineering design is rare, costing is largely driven by the amount of money allocated (rather than on the basis of design and bills of quantities), technical supervision is limited, and works are rarely completed within the year.<sup>66</sup> VDCs spend much of their budgets on local roads, accounting for by one assessment about 18% of all spending on local roads.<sup>67</sup> VDCs can hire technical staff or share with other VDCs the associated costs. But VDCs rarely appear to take on full-time engineers, even when they are making significant investments in the local roads sector or funding large numbers of local roads projects. While some VDCs do indeed share the cost of hiring overseers to monitor and supervise works, they may have limited qualification and experience. A major challenge appears to be the lack of qualified engineers available at the local level. DTOs are stretched too thin to be able to provide VDCs with sufficient technical support for any sector, including the local roads sector.

**142. At the DDC level, local roads sector activities are also characterized by limited technical inputs.** Although the local roads sector absorbs about 6.7% of the total national budget, DoLIDAR and DTO staffing levels remain modest. Less than 1,200 DoLIDAR/DTO technical and administrative staff provide full-time support for the local roads sector (see table 5 below). This staffing pattern has not been reviewed to determine whether it is compatible with the growing volume of work at both the central and local levels. DTO staff is thus frequently over-stretched and unable to carry out pre-feasibility or feasibility studies, even when these are mandatory. This is compounded by DTOs having technical responsibilities for several local infrastructure sub-sectors (water supply, suspension bridges, micro-hydropower, irrigation), in addition to local roads. This situation may lead to shortcuts in the design and costing of roads works; and lack of proper supervision in construction, upgrading and maintenance activities.

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<sup>66</sup> Moreover, LBs and UCs often ignore environmental standards: bulldozers are used, labor-based and environmentally-friendly approaches are not applied, etc. This non-compliance with environment-related standards results in roads that rapidly degrade, subject to landslides, etc.

<sup>67</sup> See *Road Sector Assessment Study*, GoN/WB (2013): p14.

**Table 5: Authorized DTO staffing positions**

| No. of DTOs  | Senior Divisional Engineer | District Engineers | Junior Engineers | Other administrative staff | Total no. of DTO staff per DDC |
|--------------|----------------------------|--------------------|------------------|----------------------------|--------------------------------|
| 17 districts | 1                          | 3                  | 6                | 8                          | 18                             |
| 25 districts | 1                          | 2                  | 6                | 8                          | 17                             |
| 33 districts | -                          | 1                  | 3                | 9                          | 13                             |

**143. DTOs are not fully anchored within DDC organizational structures.** In terms of policy, DTOs are sector sections of DDCs, but effectively they operate as DoLIDAR outreach offices for technical support to LBs. DTOs are supervised by DoLIDAR and not the LDO. This arrangement reportedly can result in internal conflicts between DTOs and DDCs and lead to coordination or communication problems. Authorization mechanisms for fund flows are not fully institutionalized and may function on the basis of the personal relationship between LDOs and DTO chiefs. This can also lead to delays in meeting project implementation schedules and reporting requirements. In some districts, conflict and limited coordination appear to send negative messages to the general public and undermine service delivery.<sup>68</sup>

**144. Monitoring, reporting and evaluation in the local roads sector could be improved.** Progress and financial reporting systems face important challenges at all levels. Monitoring and reporting functions are given limited priority or importance by stakeholder organizations in the local roads sector. The personnel responsible for monitoring and reporting may lack skills and/or the budgetary resources they need to undertake their allocated tasks. There are challenges in regularly updating and reviewing information about local road networks: VDCs face particular limitations in this respect, but even DDCs/DTOs do not appear to systematically keep reliable and updated data about the condition, use and expansion of their road networks. This implies that planning in the sector is not sufficiently grounded in regular assessments of the local road network.

**145. Despite issues with planning and execution, there is an overall assessment that the quality of rural roads is improving, particularly in Dhankuta district.** This is not to say that roads are in good shape: over 50% of the public surveyed for this study responded that the quality of local roads is either very bad or bad. There are significant differences between the two districts: in Dhanusa, 70% of respondents classify local roads as being of very bad or bad quality while in Dhankuta less than 35% of respondents assessed the roads to be bad or very bad. More importantly, just over 50% of people think that the quality of road infrastructure has improved over the last three years. There is again a strong difference between the two districts: over 73% noting improvement and 23% noting no change in Dhankuta while only 27% saw improvement and 62% noted that quality remained the same in Dhanusa in the past three years. Given the increase in LBs' funding envelope and the prominence of expenditures on roads, at least some improvement is to be expected. At the same time, the continued poor overall quality suggests that there remains much still to be done.

## **B. Primary and Lower Secondary (Basic) Education**

### *Introduction*

**146. In Nepal, education is the biggest public service delivery sector.** The importance of the sector is underlined by: (a) the size of the population benefiting directly and indirectly from services; (b) the annual budgetary allocation, which consistently accounts for more than 15% of total public expenditure (of which about 85% is earmarked for basic and secondary education); and (c) the workforce involved in service delivery. Nationwide, the school education system consists of almost

<sup>68</sup> See *Roads Sector Assessment Study*, GoN/WB (2013): p11.

35,000 schools, nearly 7 million students, more than 200,000 teachers, 1,000 resource persons, and a few thousand administrative officials of various categories.

**147. School education in Nepal consists of 5 years of primary, 3 years of lower secondary, 2 years of secondary, and 2 years of higher secondary education.** Ongoing reforms will restructure this into basic education (grades 1-8) and secondary education (grades 9-12). This study focuses on basic education which refers to a combination of what is presently primary and lower secondary education.

**148. Nepal has made notable progress in enhancing equitable access to all levels of school education.** The net enrollment rate (NER) has reached 95.6% in primary and 55% in secondary education in 2013/14, compared to 92.6% and 40% in 2009/10. Gender parity in NER has been achieved at all levels of school education. Likewise, dropout and repetition rates have decreased significantly in the past five years (although they still continue to be high in grade 1, with a dropout rate of 7.1 and repetition rate of 17.5, respectively). Cycle completion rates have improved at all levels. These improvements are indicative of the overall success of government strategies (such as free textbooks, scholarships for various disadvantaged groups, and mid-day meals in food-deficit regions) in bringing all children to schools and retaining them.

**149. Progress in improving the quality of education, however, has been modest.** Pass rates in the annual school leaving certificate examinations are below 50%, especially in the public schools where more than 80% of all students study. Likewise, results from the national assessments of students from grades 3, 5 and 8 students show on average scores at or less than 50% in the major subjects, with substantial variations in performance between public and private schools as well as among public schools. This indicates significant variations in service delivery across districts and schools.

**150. There is a growing private sector provision of education.** As elsewhere in South Asia, private schooling is an important and growing part of the overall school system, particularly in urban areas: of the total of about 35,000 schools in the country, 5,500 are private, and approximately 16% of all school students (grades 1-10) go to private schools. This report, however, focuses largely on the provision of public education.

**151. Education is more than just the operation of schools.** Of course, schools themselves are the primary mechanism for delivery of education. The inputs of staff, infrastructure, curricula, and supervision of schools that allow them to perform are critical aspects of service delivery in the sector. However, provision of education services also includes a broader framework for learning, including ensuring access to schooling and corresponding attendance of school age children, maintenance of libraries, non-formal education, adult literacy and early childhood development. These broader issues fall out of the remit of entities responsible for school management.

#### *Institutional Framework for Basic Education*

**152. At the national level, basic and secondary education are the responsibility of the Ministry of Education (MoE) and the Department of Education (DoE), a central agency that is responsible for overall implementation of all school education programs.** In addition, a number of semi- and fully autonomous central agencies (such as the Curriculum Development Center) provide inputs to the education sector.

**153. At the sub-national level, there are Regional Education Directorates (REDs) in each of the five development regions, and District Education Offices (DEOs) in each of the 75 districts.** DEOs are responsible for a range of functions: financial management (including the disbursement of funds to schools, school inspections and monitoring). Resource Centers (RCs), each of which serves and supports several schools, also act as an outreach arm of their respective DEOs.

**154. Since 2001, the governance of school education has been highly decentralized, with local School Management Committees (SMCs) playing a primary role.** SMC core members are elected from among parents, who are entrusted with functions such as school management and development, teacher recruitment, financial management, and transparency and accountability in the use of funds. In the absence of LB elections for over a decade, SMC elections have generated significant political party interest, with winning SMC berths linked to the strength of the party at the local level.<sup>69</sup>

**155. As provided for in the Seventh Amendment to the Education Act (2001), each tier in the local body system also has a corresponding Education Committee (EC), which is intended to ensure horizontal linkages between MoE line departments, LBs and education sector stakeholders.** Accordingly, at the district level, DEC is formed and VECs/MECs at the VDC/municipality levels. The DEC is headed by the chair of the DDC and the VECs/MECs are headed by the chairs of the VDCs/municipalities. Other members include GoN officials (including DEO staff), representatives from lower tier ECs, representatives of School Management Committees (SMCs), and teachers.

**156. DEC and VECs/MECs have three broad areas of responsibility: planning, resource mobilization and monitoring & evaluation** (see table 6 below for more details). DEC functions are specified in Education Act (2001), while those of VECs/MECs are prescribed in the Education Regulations (2011). In practice, DEC is generally operational; VECs/MECs, on the other hand display limited activity.

**Table 6: Roles and responsibilities of DEC and VECs/MECs**

| Activity              | Key roles and responsibilities  |   |
|-----------------------|---|---|
|                       | DEC   | VEC/MEC   |
| Planning              | <ul style="list-style-type: none"> <li>Formulate District Education Plan (DEP)</li> <li>Formulate and ensure implementation of school educational programs in accordance with the approved DEP*</li> <li>Deploy or redeploy teachers based on student numbers or subjects to be taught</li> </ul> | <ul style="list-style-type: none"> <li>Formulation and implementation of Village/Municipal Education Plans (VEPs/MEPs), approved by respective LB councils</li> <li>Maintain updates on school education plans</li> </ul> |
| Resource mobilization | <ul style="list-style-type: none"> <li>Encourage VDCs and municipalities to provide financial assistance to schools</li> <li>Mobilize resources for education in the district</li> </ul>  | <ul style="list-style-type: none"> <li>Support SMCs the mobilization of local resources</li> <li>Mobilize resources for education in the Village/Municipality</li> </ul>  |
| M&E                   | <ul style="list-style-type: none"> <li>Take action with respect to school audit reports</li> <li>Grant approval for closure of existing schools</li> </ul>  | <ul style="list-style-type: none"> <li>Monitoring of school education plans</li> <li>Recommend school establishment</li> </ul>  |

**157. In addition to their role in their respective DEC, VEC or MEC, LBs have (according to the LSGA) a number of functions with respect to the basic education sector.** The 1999 LSGA includes provisions for the devolution of authority over school education to local bodies (see paras 86 onwards on functional assignments in this report). However, few LBs appear to play an active role in the management of schools or the basic education sector as a whole, although (as shall be seen below) some LBs do provide schools with funding or finance certain expenditures (especially the construction and maintenance of school buildings and facilities). In addition, LBs are to provide support to other education sub-sectors, such as non-formal education, adult literacy and early childhood development (ECD).

<sup>69</sup> See The Asia Foundation (2012).



## Planning

**158. In theory, the education sector follows a decentralized, bottom-up planning framework.** The basis for this planning is the formulation of 3-year School Improvement Plans (SIPs) at the school level and village/municipal education plans (V/MEPs) at the VDC/municipality level. These are then consolidated at the district level in the form of 3-year District Education Plans (DEPs). All of these plans are expected to be updated every year. While there are no provisions and practices for approving the SIPs, the VEP/MEPs and DEPs are expected to be formulated and approved by their respective Village/Municipal Education Committees (VECs/MECs) and District Education Committees (DECs). The SIPs are not tied with budget flows from the central treasury. Likewise, there is no flow of funds from the MoE system to the DECs, MECs and VECs. Furthermore, there is no official monitoring and reporting of the implementation status of these plans, and several studies<sup>70</sup> have suggested that SIPs largely amount to school wish lists, rather than realistic plans *per se*.

**159. At the same time, the school education sector's annual planning and budgeting cycle is driven by a largely top-down process.** The annual planning cycle in the MoE (and all other ministries as well) is aligned with the fiscal calendar (16 July-15 July) and commences with the receipt of budget ceilings and guidelines from the MoF. Upon receipt of such ceilings and guidelines, the MoE sends the same to the Department of Education (DoE) and other central level line agencies. The DoE forwards them to REDs and DEOs, generally by the third week of December (although, in practice delays happen in sending them). The DEOs prepare their annual strategic implementation plans (ASIPs) based on the guidelines received from DoE, which are discussed and finalized at the RED level. These district ASIPs are then submitted to the DoE, which prepares a consolidated national ASIP together with an annual work plan and budget (AWPB). The ASIP/AWPB is shared with external development partners in the education sector during the joint annual review mission in April/May and finalized after discussion. The MoE then incorporates the ASIP/AWPB into its School Sector Reform Program and submits this to the NPC and the MoF, which finalize it. This final MoE program and budget is incorporated into the overall national budget by the MoF, which then presents it to parliament after getting cabinet approval. The expected date of budget approval is usually just before the beginning of the new fiscal year.

## Financing

**160. The central government provides funds to schools through earmarked and non-earmarked grants.** These include grants for salaries, per child funding (PCF) grants, scholarship grants, grants for school feeding programs in targeted areas, capital grants, and un-earmarked grants to cover operating costs. These school grants are provided by the MoE and routed through the DoE and then the DEOs, which then make disbursements to the schools in their district. There is an additional step involving DDCs signing off on funding allocations for salaries from DoE to DEOs for onward disbursements to schools in the case of primary teachers' salaries, but in practice this appears to be purely *pro forma* with DDCs lacking authority to do anything other than confirm the allocations and reroute them to schools through the DEO. In addition, the DEO receives funds for its own operations from the DoE/MoE.

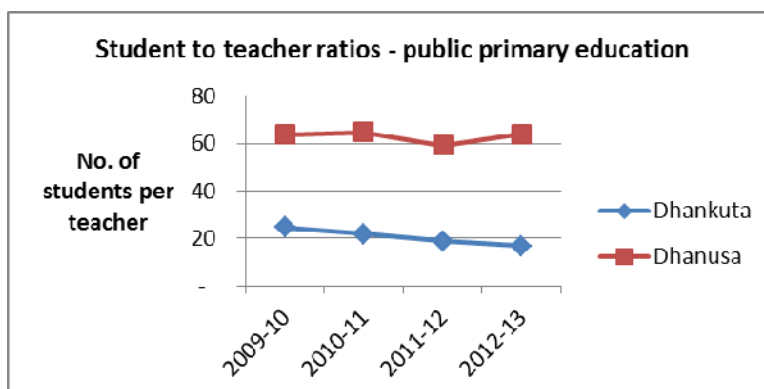
**161. Central government financing of basic education is significant.** As noted above, education makes up over 15% of total central government expenditures. In Dhankuta and Dhanusa districts, education sector spending (which was largely for basic and secondary education) in 2011/12 was, respectively, NPR 514 million and NPR 464 million. For 2011/12, education sector spending in Dhankuta was greater than all LB revenues combined (NPR 482 million) and about 80% of all LB revenues (NPR 583 million) in Dhanusa.

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<sup>70</sup> e.g., Norad, *Joint Evaluation of Nepal's Education For All 2004-2009 Sector program. Evaluation Report 1/2009*. Oslo: Norad. Moriani et al. (2013).

**162. Figures available for Dhankuta and Dhanusa show differences in the levels of central government funding of education in the two districts.** In terms of per student<sup>71</sup> funding, for example, Dhankuta consistently received roughly two to three times more from central government than Dhanusa has over the period 2009-12. This difference in per student funding in the two districts explains the differences in student-teacher ratios (see figure 12 below).

**Figure 12: Student-teacher ratios**



**163. Apart from the central treasury, schools/education institutions also can receive funds from local bodies, I/NGOs, and local individuals.** In addition, various school fees (especially for secondary level students) and other own source resources (e.g. rent from land and buildings belonging to schools) contribute to school income.

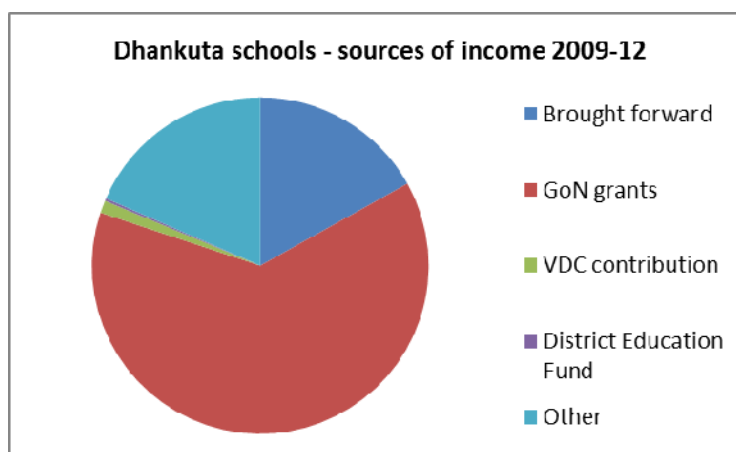
**164. The schools that were surveyed in this study appear to receive very modest financial contributions from local bodies.** In a review of 35 schools in Dhankuta district, all LB contributions to schools amounted to less than 1.5% of total school income. In 27 schools reviewed in Dhanusa, the proportion was even lower (less than 0.5% of total school income). See figure 13 below.<sup>72</sup>

**165. Local body financial contributions to schools are declining in the districts under review.** In Dhankuta, there has been a decline in VDC financial contributions to schools in their jurisdictions – for the surveyed schools, VDC contributions to school income declined from a little under NPR 0.9 million in 2009/10 (representing 1.5% of total school income) to around NPR 0.75 million in 2011/12 (representing about 1.1% of total school income). VDC officials in Dhankuta confirmed this in interviews, reporting that education sector spending was a declining VDC priority. The same trend applies to DDC and municipal contributions to school income in Dhankuta. The same reduction in the size of VDC contributions to school income has also taken place in Dhanusa – in 2009/10, the VDC contribution to school income amounted to a little under NPR 0.3 million (or 0.8% of total school income); in 2011/12 VDCs made no contribution to school income.

<sup>71</sup> All students – primary, lower secondary, secondary and higher secondary – taken together to calculate per student funding rates.

<sup>72</sup> More detailed data on school budgets can be found in Annex 7.

**Figure 13: Dhankuta – sources of school income**



**166. When looked at from the point of view of LB budgets, the contribution of LBs to the basic education sector is somewhat more important – but is still a small proportion of total LB expenditure.** The VDCs surveyed in Dhankuta have been spending about 6.5% of their total expenditure on the primary and lower secondary education sector. In Dhanusa, however, VDCs spend less than 0.1% of their total expenditure on education. However, these are probably underestimates of VDC spending in the education sector because some VDC datasets do not disaggregate spending by sector for all expenditure items (especially capital).

**167. Recorded (and overall) VDC spending on education has been declining** – not only as a proportion of total VDC expenditure (from 7.2 % in 2009/10 to about 2.8% in 2011/12), but also in absolute terms (from about NPR 1.4 million in 2009/10 to less than NPR 0.5 million in 2011/12).

**168. This decline in VDC spending on education appears to be part of a longer term trend.** The 2008 UNCDF study of VDCs showed that in 2006/07 education sector spending accounted for about 13.5% of total VDC expenditure; the 2009 UNDP/INLOGOS study showed that in 2007/08, education sector spending by VDCs accounted for 18% of block grant expenditure (and presumably a somewhat smaller % of total expenditure<sup>73</sup>).

**169. This decline is in response to perceived lack of need for additional funding from LBs.** Income data for the schools in Dhankuta and Dhanusa shows that they are carrying over, every year, substantial unspent ‘surpluses’, as can be seen from figure 13 above). In Dhankuta, the amounts being ‘brought forward’ account for almost 17% of annual income – and, indeed, are getting larger every year (accounting for 10.3% of total income in 2009/10 but 21% of total income in 2011/12). Schools in Dhanusa carry over less than those in Dhankuta (about 12% of total income as opposed to 17%) – but this is still substantial<sup>74</sup>. These carry-overs imply that schools are effectively saving, are accumulating substantial cash reserves<sup>75</sup>, and do not have a cash flow problem. Given this, VDCs may not see any reason to provide local schools with additional funding. Alternatively, and precisely because their schools have financial reserves, school management committees or head teachers may not be lobbying their VDCs for additional funding.

<sup>73</sup> In the case of VDCs in the Middle Hills (such as those in Dhankuta), the UNDP/INLOGOS study estimated that block grants accounted for approximately 70% of total revenues. If this was the case, then 18% of total block grant expenditure being used for the education sector would have represented about 12.5% of total VDC expenditure.

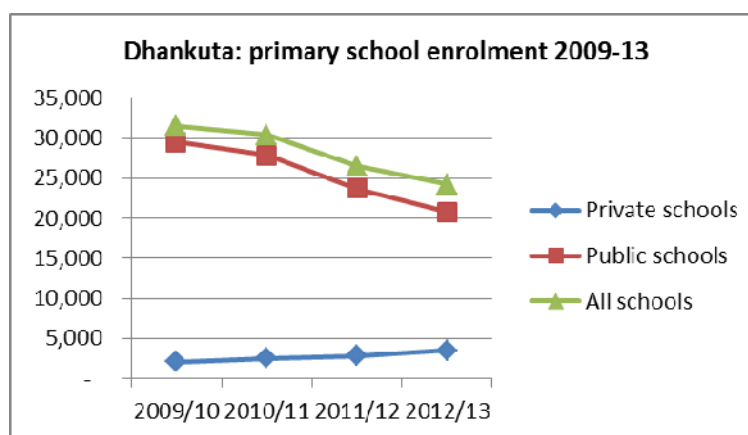
<sup>74</sup> This is consistent with the findings of the recent School and Household Survey (New Era 2013), which shows that carried over funds account for about 17% of total annual school income.

<sup>75</sup> One school in Dhankuta, for example, has actually deposited its ‘savings’ (of some NPR 800,000) into a ‘blocked’ bank account that yields a higher rate of interest than a regular bank account.

**170. Another possible explanation for reduced VDC engagement in the basic education sector in Dhankuta district may be declining levels of enrolment in primary and lower secondary schools.** Overall primary school enrolment in the district has declined steadily over the period 2009-2013, going from about 31,500 students to just over 24,000 (see figure 14 below). The total student population in Dhankuta in public primary schools has declined steeply – from almost 30,000 in 2009/10 to under 21,000 in 2012/13. FLASH report data shows that the decline is very steep in VDC jurisdictions while remaining constant in Dhankuta municipality. The survey shows that in Dhankuta enrolment rates at the household level are high, with 96.2% of respondents saying they have school age children that are enrolled. Only 2.9% of the 1,600 respondents state not to send their children to school. There is no significant difference between VDCs and Dhankuta Municipality, or between boys and girls enrolment of children in the 5-15 year cohort.

**171. There are several potential causes for declining enrolment in public primary schools in Dhankuta.** One reason is the increased enrolment in private schools, although enrolment in private schools has risen little (see figure 14 below). Anecdotal reports indicate that private schools are particularly attractive for providing more English medium instruction; there are also disproportionate numbers of boys going to these schools. Other reasons for decline include more accurate reporting and greater uptake of very young children in expanding ECD centers rather than having them attend school. Finally, there are demographic changes, including an overall decline in population (for Dhankuta) and the effects of lower fertility rates. Overall in Dhankuta 3% of the surveyed households do not have school age children, but this includes Veddetar, a VDC where 13% of households do not have children between 5 and 15. Declining school enrolment rates in Dhankuta, coupled with school financial surpluses, would be an understandable reason for LBs to de-prioritize funding of the basic education sector.

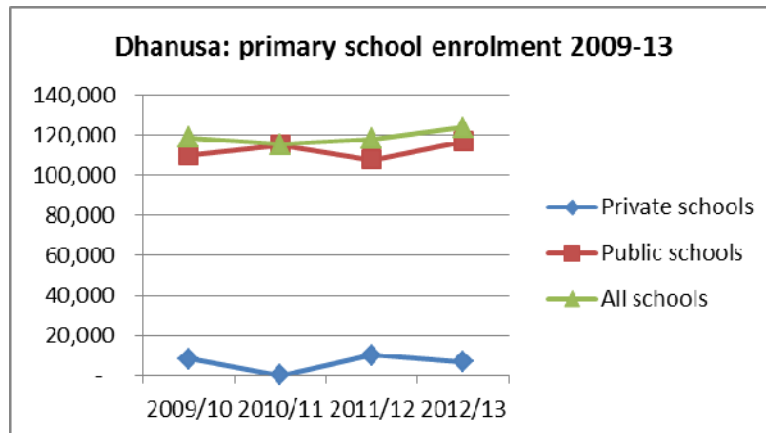
**Figure 14: School enrolment in Dhankuta district**



**172. In Dhanusa district, primary school enrolment is modestly increasing.** Enrolment in all primary schools has grown, but with both public and private school enrolment being unstable (see figure 15 below). The survey shows that here enrolment rates are also above 90%, but on aggregate slightly lower than Dhankuta. In part this is due to Lohanna, Supahi and Basbitti, three VDCs where between 4 and 6% of school age children do not enroll, but attend Madrasas, Muslim religious schools (which means they are not counted as attending school). The demographic shift in Dhanusa is slightly behind Dhankuta: household size is on average one person more per household: 6.4 persons per HH in Dhanusa, against 5.4 per HH in Dhankuta. However, the reduction in school aged children also manifests itself in Dhanusa.<sup>76</sup>

<sup>76</sup> See UNFCO District Profile for Dhanusa, page 2.

**Figure 15: School enrolment in Dhanusa district**



**173. DDCs also spend in the education sector.** Between 2009-11, Dhanusa DDC<sup>77</sup>, for example, spent almost 8% of its unconditional block grant and land registration revenue<sup>78</sup> on the education sector as a whole, most of it in the primary and lower secondary sub-sectors. After roads & bridges and community buildings expenditure, education spending is the third largest expenditure item in Dhanusa DDC.

**174. Of all local bodies, municipalities appear to spend the lowest proportion of their total expenditure on education.** Expenditure data for Dhankuta municipality show that education is a low spending priority: in both 2010/11 and 2011/12, municipal spending on education represented less than 2% of total expenditure and – in absolute terms – less than NPR 1.3 million (or \$13,000) per annum. The low priority accorded to public sector schools by municipalities is probably linked to the relatively greater importance of private schools in urban areas.

**175. Within the education sector, LBs appear to be spending on much the same types of items.** Expenditure data for VDCs in Dhankuta, for example, indicate that VDC financing in the basic education sector is paying for school operating grants, the purchase of furniture and equipment, the construction/maintenance of school buildings and facilities, and early childhood development. These are almost exactly the same types of expenditure incurred by Dhanusa DDC, and in exactly the same types of schools (primary and lower secondary). The LBs' financial statements also contain a number of general purpose grants to schools.

**176. There appears to be a mismatch between what LBs describe as their expenditure in the basic education sector and what schools record as financial contributions from local bodies.** Schools in Dhankuta, for example, record LB contributions as if they were grants – thus providing general budgetary support which can be used for a variety of purposes (construction, paying contract teachers, etc.). LBs, on the other hand, generally record education sector spending in terms of specific items (such as the purchase of school furniture or school maintenance), rather than as school grants. It is unclear as to why there is this mismatch.

#### *Financial Management and Reporting*

**177. Schools have become *de facto* cost centers but they are not financially audited through the state audit mechanism (OAG).** Schools are required to carry out financial audits by using auditors certified by the Institute of Chartered Accountants of Nepal and designated by the DEC. Only

<sup>77</sup> Data for Dhankuta DDC is not sufficiently detailed to properly assess education sector spending.

<sup>78</sup> These DDC revenue sources are highly discretionary.

60% of schools report that they have undergone regular financial audits.<sup>79</sup> Schools continue to receive central funds irrespective of whether or not they conduct these audits.

**178. The financial audit report is required to be made public through a teacher and parent meeting and needs to be submitted to the DEO, which will only release third trimester disbursements to schools if they submit their audit reports on time.** Likewise, schools are also required to conduct an annual social audit through a social audit committee (coordinated by the PTA chair) that includes an audit of the school's financial and educational performance. The social audit report also needs to be submitted to the DEO and has to be made public through a parent assembly. There are no formal reporting requirements of the school to LBs, though the chair of the respective ward in which the school is located is a member of the school social audit committee.

**179. Schools are required to report to the MoE line agencies at the district levels on financial and educational outputs/outcomes.** For example, they have to report twice a year on the numbers of students and teachers, the school's physical status, etc. through the school FLASH reports that are collected and verified by the RCs and compiled by the DEOs. School financial reports, however, only provide a partial picture of their finances: they are limited to expenditures financed out of central government grants, and do not include income from LBs or other sources of revenue or on the expenditures financed out of such off-budget income. The DoE is currently in the process of changing this, so that in the coming FY 2014/15 school financial reports are to include all sources of income and all expenditure.

#### *Supervision of Schools and Schooling Outcomes*

**180. Supervision of public and private schools is undertaken by School Supervisors (SS), based in DEOs, and by Resource Persons (RP), based in Resource Centers.** Resource centers (RCs) are usually located in the main high school. According to the Education Regulation, the SS is required to visit schools on a monthly basis, focusing primarily on the regularity of school operations (including teacher attendance), adequacy of physical facilities and teachers, and teaching-learning processes. In doing so, the SS is required to work closely with the head teacher and SMC members, and present supervision reports to the DEO as well as to the concerned VECs/MECs. However, the geographical area covered by an SS is typically very large (with the school-SS ratio of more than 100 to 1) and the incentives for supervision do not match the enormous task of covering all schools on a regular basis. In addition, schools are supposed to be more closely supervised by the RPs.<sup>80</sup> There are in total 1,053 RCs nation-wide, usually located in the main local high school, each staffed with one resource person. Like the SS, the RP is required to visit schools in his/her cluster on a regular basis, primarily focusing on classroom observations and providing on-the-site professional support to teachers. However, over the years, the role of the RP has gradually evolved from teacher support to a more administrative function, acting as a postbox between the DEO and schools. There is also a duplication of roles and responsibilities between the SS and RP, with the RPs being considered as subordinate staff of the SS.

**181. Record-keeping for school supervision could be improved.** There are no standard formats used by the SS and RP for school supervision. At the most, they maintain a personal diary. As a result, there is no systematic recording and availability of data on school performance across a range of indicators (such as educational, financial and management) at the RC or DEO level.

**182. School performance at the local level is measured in FLASH reports through enrolment and repetition rates.** Repetition rates (see figure 16 below) in Dhankuta declined up until 2010, but have now flattened out over the past three years; in Dhanusa, repetition rates increased slightly until

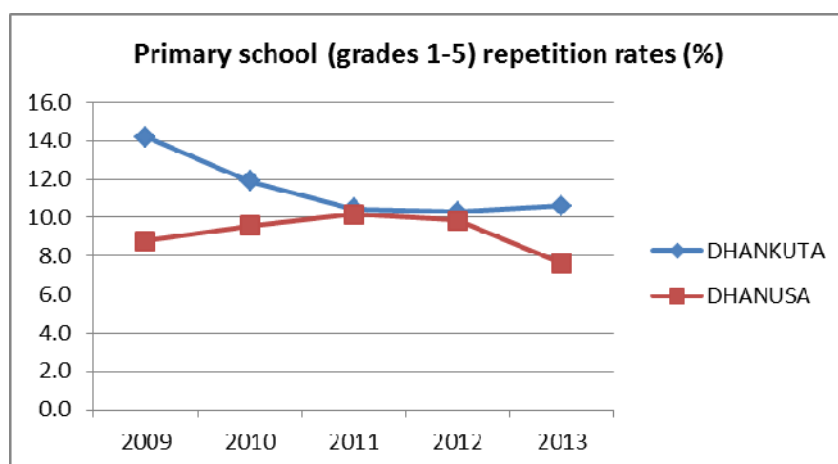
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<sup>79</sup> See *Nepal Education Studies 2012-13: School and Household Survey*, New Era 2013.

<sup>80</sup> The legal status of RPs is not clear in the Education Act and Regulations, although they have been an integral part of the institutional arrangements at the school level since the 1990s.

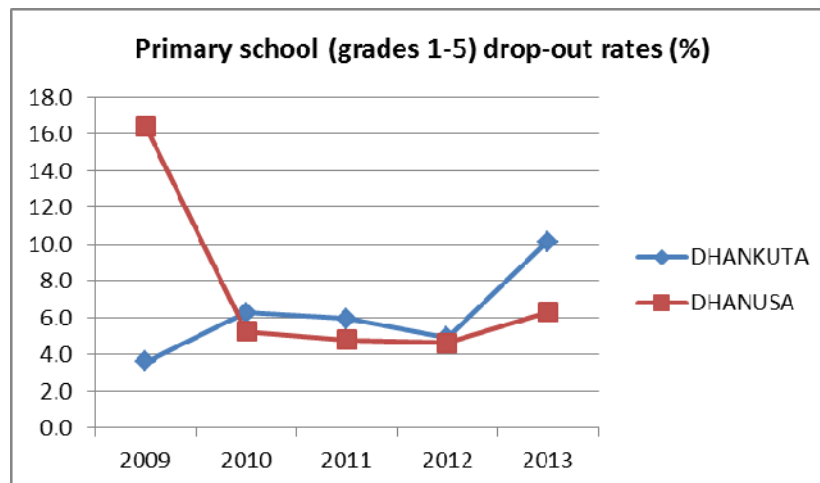
2011, but have since declined. This suggests at least satisfactory performance among primary schools in both districts. Figures at the VDC and municipal level are not available.

**Figure 16: Repetition rates in all Dhankuta and Dhanusa primary schools (public and private)**



**183. Drop-out rates in Dhankuta primary schools have risen, as they have in Dhanusa, but to a lesser extent.** Although it is not clear whether this is part of a persistent trend, it does raise questions about the external factors that might be at play in making it difficult for children to stay in the schooling system and what might be done to address them.

**Figure 17: Drop-out rates in all Dhankuta and Dhanusa primary schools (public and private)**



**184. Data on school performance in Dhankuta and Dhanusa is contradictory.** While the NERs for both districts have improved over the years, the NER of Dhankuta is higher than the national average whereas that of Dhanusa is lower. In both districts, the share of private school enrolments has been gradually increasing. Dhankuta has achieved gender parity in NER at all levels whereas Dhanusa is yet to achieve this, particularly at the lower secondary and secondary levels, indicating that girls still face challenges in accessing education, in particular in villages with higher poverty rates or significant numbers of minorities. It should be noted however, that on average the age at which girls start to attend school is not higher than for boys (5.75 against 5.83 for boys) and children in rural VDCs actually start almost a year earlier than those in municipalities. With respect to the efficiency of education, both districts have higher primary and lower secondary dropout rates than the national average, with these rates being higher in Dhankuta compared to Dhanusa. In the case of repetition

rates, Dhanusa surprisingly reports lower repetition rates than the national average whereas they are higher in Dhankuta. However, in both the districts, the efficiency of primary and lower secondary education has gradually improved since 2009.

**185. Survey data on local perceptions show that over 85% of citizens view public primary and secondary education to be of average or good quality and is moreover improving.** This assessment of quality is higher overall than for private education, though this may be the case because many fewer respondents have knowledge of or an opinion about the quality of private schooling.<sup>81</sup> There is also a general sense among the public that local education services have improved over time: almost two thirds of respondents perceive that the quality of education has improved over the last three years, and less than 7% feel that this has worsened. However, there are differences between the two districts: in Dhankuta, just over 70% of respondents perceive that the quality of education has improved, while less than 20% feel that quality has remained unchanged; in Dhanusa, the figures are 57% and 32%, respectively. In Dhanusa there are also significant differences among VDCs. Based on survey results the population in Umaprempur and Lobatoli have consistently the lowest perception of the quality but even more the infrastructure and facilities in public schools. These are also the two VDCs with the highest levels of unemployment and poverty.<sup>82</sup>

#### *Broader Concerns in Frontline Delivery of Local Basic Education*

**186. LBs are not active in the school education sector, but this has little impact on schools *per se*.** Basic education at the local level is not short of government funding, SMCs and DEOs (for the most part) manage inputs, and the private sector provides an ever more significant alternative to public sector schools. Given all this, LBs are not major players in financing or supporting basic education schooling.

**187. LBs in general and the local education management institutions that they lead (VECs/MECs) are also not active in addressing broader educational issues in their jurisdictions.** Neither schools nor local authorities are active in trying, for example, to increase enrolment. In Nepal as a whole, an estimated 9.4% of children aged 5-12 are out of school<sup>83</sup> in 2011. Currently, there do not appear to be initiatives at the local level to bring those children into the schooling system, even though this might be a way for local institutions to engage with education. In a similar way, external factors that exacerbate repetition or drop-out rates are not addressed by local authorities (such as scarce or distant water supplies, which may force families to keep their children at home in order to take on domestic chores). Addressing these broader educational challenges could be a part of VEPs/MEPs.

**188. This includes addressing the overall deployment of resources to meet the changing local needs for formal education.** There is a major decline in primary (public) school enrolment in Dhankuta. In some cases there are less than fifteen children in schools for grades 1-3. This raises important issues on rationalizing the use of public resources for education. VDCs and the DDC might be expected to lead and coordinate a process of school consolidation and teacher redeployment through their positions in VECs and the DEC. Reconfiguring the primary school network within localities is highly political, and is something that goes beyond the competence of SMCs which are concerned only with their individual school. At the same time, it is beyond the capacity of a small DEO which has limited human resources in supervising the existing schools, let alone taking on a more comprehensive challenge of rationalization. There is no indication that VECs and the DEC meet regularly, or look at systemic education issues in their jurisdictions.

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<sup>81</sup> 30% of the VDCs did not have any private schools.

<sup>82</sup> For instance, in Lobatoli 60% of respondents are unemployed and earn less than NPR 10,000 per month.

<sup>83</sup> Department of Education (unpublished manuscript based on an analysis of 2011 census data).



**189. Finally, there is no evidence that local bodies plan their priority service delivery functions (especially local roads and water supply & sanitation) in ways that complement school education.** The planning of local roads activities, for example, is not based on improving access to other basic services, including school education. This may not be a significant issue. Survey data indicate that roads and transport is not a major obstacle to access to education facilities. In Dhankuta 99% of the students walk to school, in Dhanusa 87% and a significant number frequently uses a bicycle. In both districts it takes on average 20 minutes to reach the school.

**190. There is an apparent conundrum between the progress observed nationally and in reviewed districts in the education sector and the convoluted structure of inputs to service delivery in schools.** The mix of financing of inputs and lack of local and national level coordination mechanisms may be affecting frontline service delivery, but evidence indicates that the impact is operationally not significant. The system is improving according to basic operational indicators such as net enrolment rates. Survey data suggests that citizens on balance see improvement in their schools' operations. The available evidence suggests that the decentralization carried out through the SMCs, overseen by DEOs, with negligible and decreasing involvement of LBs is effective. At the same time, there remains cause for concern about quality of education, particularly as parents are proving increasingly ready to spend on private schools for their children.

#### IV. Conclusions and Recommendations to Improve Frontline Service Delivery

##### A. Conclusions

###### *On Local Bodies' Role in Nepal's Public Service Delivery Framework*

**191. Nepal has increased LB revenues six-fold over the past six years without corresponding changes in the institutional framework for local government.** The jump in funding has not been matched by an overhaul of LBs' responsibilities, relationship to other entities involved in public service delivery, or administrative arrangements and skills. Capacity building programs have focused mostly on local participation rather than technical expertise or improved management.

**192. LB responsibilities reflect an approach of 'supplementarity' rather than the principle of subsidiarity.** The legal framework sets out an expansive list of functions which LBs may choose to undertake, but government rules make central government agencies actually responsible. The only major function where LBs are mostly responsible is vital events registration. Outside of this service, LBs either carry out functions as a result of conditional grants – such as delivery of social benefits and local roads – or pick and choose from a large menu of possible small projects without consideration of their relationship to issues in the given sector. This has led to proliferation of micro projects ranging from income generation to buying land for the local police station. Despite survey results indicating that health and education are a priority, LBs undertake work that is *de facto* in areas where there are no deconcentrated service providers or separate decentralized entities such as School Management Committees.

**193. Disparities in geography and demography are not reflected in LBs' institutional framework or operations.** All VDCs, municipalities, and DDCs operate under the exact same legal framework for their respective units despite great disparity in size, population density, the nature of service needs, and revenue potential (though this is less important given the limitations on OSRs). For instance, the five largest municipalities have the same population as the next 23 municipalities, yet they operate under the same rules. Localities with more potential capacity and revenues are not given greater responsibilities. Moreover, DDCs and primary level VDCs and municipalities perform similar functions: financial reports for Dhankuta and Dhanusa LBs showed little variation in expenditures' sectoral profiles.

**194. LBs appear to have become a successful conduit for local empowerment.** The roughly 50% of LB revenues that are largely discretionary appear to provide for significant responsiveness to the local population. It is difficult to assess the extent to which these resources benefit the disadvantaged or are captured by local interest groups such as political parties or local elites. At a minimum the bottom-up planning process takes place in many locations and it appears that the Ward Citizen Forums influence allocation decisions. The requirement to use proportions of the block grants to benefit underprivileged segments of the population may also contribute to forestalling elite capture.

**195. While the planning process promotes participation, it is complex and its orientation towards addressing public service delivery could be strengthened.** Local planning is characterized by a lack of timely information about budget ceilings; lack of coordination with planning by line agencies compounded by different schedules for these often parallel processes; and a large number of steps. More importantly, LB planning – except in the use of conditional grants, e.g. for most local roads – does not appear to be based on a structured assessment of needs or a holistic view of what is needed to improve service provision within sectors. While there is a five-year periodic plan, the annual plans do not reference prior year activities (except in cases where continued funding is proposed) or future year activities. There is limited technical input into planning overall or in the assessment of individual projects, particularly among VDCs.

**196. The intergovernmental finance framework does not focus on addressing imbalances.** The assignment of revenues and design of transfers do not take into consideration LBs' expenditure assignments and needs. There is no implicit or explicit assessment of the vertical imbalances that LBs might face. The grants also do not systematically address horizontal imbalances. Although there is some weighting of the block grants by population and density, there remain important disparities in per capita revenues among LBs. This was shown in the 10-fold per capita differences in block and conditional grant transfers for Dhankuta DDC and Dhanusa DDC.

**197. The intergovernmental finance framework does not stimulate local revenue effort.** The system for local taxes is limited by low capacity, insignificant types of taxes outside of real property taxes, and insufficient powers over setting rates and the base. Steadily increasing intergovernmental transfers appear to crowd out incentives to gather local taxes, though the inherent limitations of local taxes also likely play a role in the lack of tax effort. There currently does not appear to be a 'virtuous circle' of citizens paying taxes and local leaders delivering services which benefit citizens and increase the value of their assets. Instead, temporarily posted civil servants divide up funds provided by the center.

**198. There is significant scope for strengthening the management systems at the local level.** Nepal's LBs face objective difficulties due to limited professional staff, high turnover, and scarcity of suitably skilled accountants, engineers, and other specialists to work in often remote localities. These challenges are compounded by rules which are complex and practices which are not conducive to good management. LBs are reliant on transfers, but these appear to be frequently delayed either from the center or, for VDCs, at the district level. There are many separate transfers for a variety of purposes. The delays and complexity of transfers can hinder efficient planning and execution.

**199. LB-citizen relations are not qualitatively different from other public institutions in spite of their greater proximity.** Respectively a quarter and a fifth of citizens found primary level LBs and DDCs to be very or completely trustworthy according to survey results; in all cases a plurality found LBs to be moderately trustworthy. Perceptions of other public institutions such as the DEO or the police were similar, indicating no particularly higher or lower levels of trust. A third of respondents noted that it could influence their VDC/municipality regarding education and only 20% felt the same concerning roads construction, despite the fact that roads are seen as more clearly a LB function.

#### *On Service Delivery in the Local Roads Sector*

**200. The local roads sector is a key sector for LBs.** While LBs, particularly VDCs, are intensively involved in social protection, the local roads sector is significant for all three types of LBs. It was by far the largest sector where expenditures could be identified in the target districts. It is a service for which LBs are in large part responsible for the identification, allocation, and conduct of activities to improve the local road network. This is driven in part by conditional grants to DDCs, but evidence from the LBs reviewed in this study suggests that they additionally spend between 15% to 40% of their total discretionary funds on local roads. The large number of small roads projects suggests that the sector allows for meeting a large number of localized demands while also being effective in meeting block grant beneficiary targeting requirements since a road is a public good serving a range of persons.

**201. The institutional framework for local roads is a mix of local management and central direction.** While there is no other entity on the ground involved in maintaining the local roads network (except in some instances the Department of Roads), LBs nonetheless in important respects fall under DoLIDAR's supervision. As DoLIDAR falls under MoFALD coordination at the central level is presumably easier than, for instance, with the Education Ministry. At the same time, DoLIDAR plays a substantial oversight role over DDCs through the provision and monitoring of several types of conditional grants. Moreover, the DTO is subordinate to DoLIDAR rather than the DDC, meaning that technical inputs and approvals are not fully under the DDC's authority.

**202. Planning for district level roads is mostly integrated but not comprehensive.** The DTMPs provide overall information about the local roads networks; DoLIDAR requires identification of a core district network upon which the DDCs are to focus in utilizing some of conditional grants provided to it (in part as a function of credit agreements with donors financing the roads sector). However, as was seen in Dhankuta where each of the 22 core roads received a small allocation for maintenance regardless of need, this does not necessarily obviate the ‘dividing up’ approach to allocating resources at the local level. In addition, other conditional grants are provided at different times with yet other conditions that can impair cohesive planning. Finally, at least in Dhankuta DDC the use of resources outside of conditional grants by DDCs was decided via the LB planning process without reference to the DTMP.

**203. There is no systematic planning for village level local roads.** Outside of DTMPs – which only apply to the DRCN – there is no technically-informed planning for development of the local roads network. VDC planning for roads occurs within the general framework for local bodies’ planning.

**204. Earmarked financing of the local roads sector is not conducive to stronger planning.** Some roads sector grants are provided on an *ad hoc* and unpredictable basis. In addition, a range of strictly earmarked and semi-parallel funds (such as Constituency Development Funds, budget re-allocations made by central ministries, ‘matching’ funds for municipalities) are allocated to local bodies, further limiting any coherent approach to the management of local roads.

**205. LBs generally lack basic engineering capacity.** There is a limited number of technical staff spread thinly across a large number of projects and activities. For example, a half-dozen DTO technical staff in Dhanusa are responsible for at least 60 district roads projects every year (in addition to scores of other infrastructure projects, such as water supply facilities). Increasingly large conditional and unconditional grants have expanded spending on the local roads sector which has further stretched local technical capacities. There is a mismatch between spending on local roads and the technical capacity of local bodies to properly manage activities in the local roads sector.

**206. Monitoring, reporting and evaluation in the local roads sector are limited.** Progress and financial reporting systems for roads projects are spotty for smaller projects, particularly when not related to donor-funded projects which usually have more rigorous reporting requirements. Monitoring and reporting functions are given limited priority or importance by stakeholder organizations in the local roads sector.

**207. Citizens nonetheless assess that there has been improvement in the local roads network over the past three years, albeit much remains to be done.** Over half of the respondents saw improvement while over 40% felt that the quality remained the same. At the same time, a solid majority still felt that roads were bad or very bad.

#### *On Service Delivery in the Basic Education Sector*

**208. Basic education service delivery is decentralized to School Management Committees.** Reforms beginning in 2001 have directed funding for various service inputs such as staff, infrastructure, stipends to the SMCs. Most funds are earmarked for salaries for permanent and temporary teachers. The SMCs exercise substantial discretion over hiring of contract staff, including teachers.

**209. There is limited effective local oversight of schools’ use of funds.** Many of the same challenges with financial reporting and controls in LBs occur with respect to schools. Financial reports are driven by revenue source; although changes are now planned to introduce more comprehensive reporting until now schools have submitted reports only on use of centrally provided funds to the DEO, leaving out own source resources and LB contributions. Schools have become *de facto* cost centers but their financial reporting is subject to only cursory review by the local DEO; nor

are schools audited by the Auditor General's Office. Schools are required to carry out annual financial audits by using certified private accountants, but only 60% of schools report that such regular audits take place. Similar to the situation with LBs, audit findings are not systematically acted upon; schools continue to receive central funds irrespective of whether or not they conduct these audits.

**210. A marked decline in students at public (community) schools raises the need for rationalization.** The decline appears due to demographic factors such as out-migration and lower birth rates as well as family choices to send their children, especially boys, to private boarding schools. Field workers for this study found schools with actual attendance of some 15 children in grades 1-3. The decline could prompt a rationalization of the number of schools in operation and staffing.

**211. LBs' role in basic education is limited and declining in terms of financing.** Studies from five years ago suggested local bodies taking a keener interest and spending as much as 13% of their total expenditure on schools. However, the recent Education sector QSDS/PETS as well as the data collected from schools in the target districts for this study point to LBs playing a tiny role (3% and 1% of school income, respectively); as a proportion of LB spending education is also declining. The decline appears due to the combination of robust central funding for schools and a decline in the numbers of children in community schools.

**212. The limited role of LBs is not affecting the efficiency of delivery of basic education in schools.** The relative progress in terms of net enrolment rates nationally and in the target districts gives little compelling reason for increasing the role of LBs in school management.

**213. LBs are not playing an active role in ensuring education for all children in their jurisdictions.** The administrative heads of LBs have a *de jure* role chairing corresponding village, municipal, and district education committees. These committees are supposed to provide broad oversight of schools operations and facilitate planning. The committees are also positioned to identify education needs beyond what is visible in the schools, i.e. identifying and addressing issues with children not attending school and/or attending private schools. However, these committees display limited activity. LBs treat education as a central government function.

**214. Overall service outcomes appear to be positive in terms of efficiency and citizen satisfaction.** A total of 63% and 72% of survey respondents felt that respectively primary and secondary education had improved in the past three years. Overall dropout rates and net enrolment rates have improved over the past three years as well.

## **B. Recommendations for Improving Frontline Service Delivery**

**215. The findings of this study point to two sets of potential measures to improve frontline service delivery: long term changes in the institutional framework and actionable steps within the existing framework.** Improvements could be made both in local bodies' general performance and capacity to contribute to service delivery, as well as actions that directly concern the local roads and basic education sectors.

**216. Work on the institutional framework is a complex task since current arrangements for frontline service delivery involve numerous stakeholders with multiple interests.** Changes to these arrangements go to the heart of how the state operates and interacts with citizens. Therefore, the details of implementing changes to frontline service delivery would benefit from substantial consultation with stakeholders.

**217. Issues concerning the role of local bodies are also part of the broader, contentious deliberations around federalizing Nepal's governance structure.** While these deliberations have focused on defining federal units, the role of local bodies and the lower links in the service delivery chain are critical elements. Local governments are near certain to have a place in any new federal

system, albeit not necessarily the existing territorial units. For this reason factors which promote better local government practices under the current system merit consideration irrespective of the deliberations on federalism (see Box 8).

#### **Box 8: Frontline Service Delivery and the Deliberations on Federalism**

Nepal's major political parties have committed to establishing a federal system of government though consensus has not been reached on the details of such a system. The preceding Constituent Assembly (CA) eventually dissolved without drafting a new Constitution in large part due to unresolved issues about federalism. The present Assembly elected in November 2013 has renewed work on drafting a Constitution and has decided to base its efforts on previously developed analysis and proposals.

The prior CA's Committee on Restructuring of the State and Distribution of State Power produced a 186-page report summarizing extensive research on domestic preferences, international practices, and theory on the potential design of a federal system in 2010. The report provides a comprehensive framework for designing an effective decentralized system, laying out the decisions which the country's political leadership must make. In particular, it provides detailed exposition of the 'building blocks' for a strong system of sub-national governance and service delivery:

- i. Principles for identification of sub-national units;
- ii. Assignment of functional responsibilities for public services to national, federal, and local governments;
- iii. Principles to underpin an intergovernmental fiscal system through assignment of own source revenues and intergovernmental transfers; and
- iv. Provision of administrative authority to levels of government to carry out service functions, including control over relevant staff and intangible and physical assets associated with the service.

The present organization of frontline service delivery is important when considering a transition to a federal state for two main reasons. First, Nepal could draw on its own experience with sub-national governance and service delivery when designing the future system. Issues in the current system, particularly ambiguities in functional assignments and the long practice of LBs mostly playing a supplemental role in service provision, could be addressed in a new design. Addressing shortcomings could begin prior to a more far reaching transition to a federal system that might be undertaken. Second, setting up a new system of sub-national governance will necessarily involve a complex transition from the existing system to the new design. A detailed mapping of how services are delivered at present and when and how they are transferred to new entities could help minimize disruption of service delivery in the transition.

**218. Changes should consider building on ongoing efforts to strengthen the institutional framework for local service delivery.** Since 2006, for example, MoFALD has extended performance ('MC/PM') assessments to all local bodies and calibrated block grant allocations to assessed performance. The country-wide Local Governance and Community Development Program (LGCDP), implemented by MoFALD with funding from a range of development partners, has also provided a framework for incremental local governance reforms (such as establishing WCFs, revising LB guidelines, and reviewing grant allocation formula). Recommendations could build on the considerable work heretofore undertaken. At the same time, this study finds that there remains more that might be done to strengthen local bodies' performance.

#### *Long Term Institutional Considerations*

**219. Local Bodies could be oriented to fulfill the role of a local government that is more clearly responsible for public service outcomes.** While present practices have had success in social mobilization and transferred resources to localities, they have not encouraged local bodies to ensure delivery of public services, a role commonly played by local governments in many countries. Such a shift in orientation will be complex because expectations among officials and the population have been conditioned by LBs' practice of 'picking and choosing' small projects for the past 15 years. The institutional framework would need to be changed to build in stronger lines of accountability for service delivery, addressing the classic 'building blocks' of decentralized government: functions, finance, and functionaries.

**220. Accountability for functions might be assigned more clearly, spelling out LBs' authority in sufficient detail.** This does not mean an increase in functions for LBs. It is rather an increase in accountability for specific functions which could efficiently be carried out at the local level. These reforms could ideally include:

- Introducing the concept of 'own exclusive' assignments for LBs, for which they are fully responsible and have corresponding authority;
- Allowing for asymmetric assignment, recognizing the different geographic and demographic circumstances for local government units (which would remain true even if there is a change among units as a result of federalism and a new constitution);
- With respect to functions that are shared with central government, delineating tasks within functional areas and then assigning them unambiguously among the different tiers of LBs and line agencies;
- Retaining substantial local discretion to take on functions voluntarily in response to local needs and priorities;
- Ensuring harmonization with other (sectoral) legislation, particularly the Government Rules of Business.

**221. Transfer of responsibilities can be done sequentially for different public services or occur in all areas at the same time.** Some countries, most notably Indonesia, have adopted 'big bang' approaches to decentralization where responsibilities in all functional (service) areas were reassigned in one round. Other countries have adopted a more incremental approach whereby responsibility for a small number of public services is transferred at first. These services are usually in areas where the role of local governments would be expected to be significant and/or a division of responsibilities is relatively straightforward (e.g. ensuring potable water or local roads). It is expected that local governments would increase capacity and hence be better able to absorb more complex responsibilities in successive rounds.

**222. Changes to the intergovernmental financial system should provide more predictability and stimulate local revenue collection effort.** To the extent possible, reforms in revenue assignments could focus on boosting own source revenues, as well as harmonizing, simplifying and clarifying them. Intergovernmental fiscal transfers could be consolidated, made more predictable and equitable, and designed so as to incentivize own source revenue collection at the sub-national level.

**223. Development of personnel management systems that support LBs' administrative authority could be considered.** Providing a framework to motivate skilled persons to work in local bodies while also being accountable to LBs is a challenge. Although the present system of secondment of senior officers subordinate to MoFALD raises few issues in the absence of locally elected bodies, administrative officials could be answerable to the LBs when they are elected. Discussion underway regarding the development of a sub-national government cadre, presently in the context of a potential move to a federal system, reflects the importance of making staff locally accountable. A key element of such a transition could ensure ease of movement between local and national civil service cadres.

**224. LBs' accountability could be increased through holding elections.** Though elections are far from the only means of building downward accountability, they would play an important role in an overall framework that could incentivize performance in serving citizens in localities.

**225. The transfer of functional responsibility, financial resources to address these responsibilities, and authority over personnel should be concomitant and aligned to the extent possible.** The expansion of local government responsibilities should coincide with an assessment of levels of finance to execute those responsibilities and corresponding changes to the intergovernmental fiscal framework to provide for those levels. Local bodies should also administratively be empowered

to have sufficient staff needed for ensuring the execution of what is required to deliver services for which they are responsible.

*Potential Actionable Steps in the Short and Medium Term*

**226. Addressing the areas identified for areas for improvement of frontline service delivery must take into consideration Nepal's specific circumstances.** In particular, there are substantial challenges due to dispersion and remoteness of many jurisdictions and a related lack of technical and administrative capacity. For instance, the problems with local reporting are much less a question of guidelines than of local capacity. The lack of technical inputs for planning and execution in the roads sector is in part due to the scarcity of qualified persons in many of the country's localities. Actionable recommendations must be simple and geared to these capacity constraints.

*Short Term Steps*

*For the Government of Nepal, initiated by MoFALD:*

**227. Address LB human resource constraints.** LBs, especially VDCs, would benefit from additional capacity in accounting and in basic engineering (at the level of an overseer). More regular book-keeping could improve accountability and ultimately allow for better coordination with line agencies. More technical input into LBs' planning and execution of infrastructure projects could be beneficial. Two options may be considered:

- Provide for accountant and overseer positions among VDC staff, and augment positions in DDCs and municipalities.
- Facilitate the hiring of accountants and overseers which could be shared by several VDCs and perhaps municipalities and DDCs. Five VDCs in Dhankuta reportedly share an overseer – this approach could be replicated. MoFALD could provide guidance to facilitate the establishment of joint committees of LBs to share staff.

Such a change could involve establishing links with professional associations (such as the Institute of Chartered Accountants of Nepal) that have members who could provide these technical and managerial inputs. The linkage could include orienting professionals to the particular needs of LBs. The horizontal linkages would over time help to improve capacity. Finally, additional personnel may require additional financing, though this could be justified given that LBs are receiving six times more funds than before. Financing might be through grants; any increase in funding for personnel could be matched with more rigorous monitoring of standards for financial management and technical inputs.

**228. Carry out a review of DoLIDAR and DTO staffing needs.** While many technical functions can be out-sourced to the private sector, core design and supervisory functions probably require additional full-time staff. At the same time, more thought needs to be given to the ways in which VDCs can be provided with basic technical support from DTO offices.

**229. Adjust planning processes.** Although much of the planning process is mandated by law and hence not easily changed, there may be adjustments that could lead to more strategic and service-focused plans which incorporate principles of good public investment management. These are:

- *Introducing simple needs assessments into the planning process.* This could involve having mandatory planning formats that LBs would use to estimate the baseline levels of service, constraints and problems in key local service sectors, e.g. roads, water & sanitation, education, and health. These assessments might encourage more strategic investments as well as consideration of how LB activities can contribute towards improving the quality and/or quantity of those services.
- *Harmonizing the LB and sector planning calendar.* This could allow for more synergy at the local level.



- *Orienting local planning processes towards a medium-term or 'pipeline' perspective.* This might address issues of short-term orientation and the danger of 'participation fatigue' of the annual planning process.

**230. Strengthen LBs financial management framework.** The increase in resources makes improving the framework whereby local bodies manage their funds a priority. There are several actions that might be considered:

- *Unifying, harmonizing and simplifying reporting formats and making their use mandatory.* Reports could consolidate various revenues and expenditures, regardless of source into one document that is the same for all LBs of the same type.
- *Strengthening MoFALD capacity to ensure reporting and interpret LBs' spending patterns.* MoFALD could become able to collate and use LB reports for purposes of monitoring and broader strategic planning.
- *Incrementally introducing functional expenditure reporting.* This could start with reporting on capital or developmental expenditures, for which LBs would be expected to provide a simple but clear breakdown in terms of sectors.
- *Consolidating bank accounts held by local bodies.* This could reduce fiduciary risk as well as encourage LBs to report on expenditures and revenues in a more comprehensive way.
- *Removing a local bottleneck in the disbursement of transfers.* While delays in intergovernmental transfers are a longstanding issue with causes beyond the scope of this report, at the local level LDOs' authority to release funds to VDCs creates additional delays. Rather than having LDOs wait to group requests from VDCs before approving disbursements, VDCs could submit their financial reports directly to the DTCO with a copy to their DDC. The DDC could have a set time period (for instance two weeks) to raise any concerns; in the absence of written concerns, the DTCO could be authorized to release funds directly to the VDC's account.

*For DoLIDAR/MoFALD*

**231. More fully integrate the District Technical Offices into the DDC structure, rather than preserving the at times competitive structure in place.** While there are valid reasons to insulate DTOs from local influence (including political), if LBs are to be made accountable for service areas they will need to have an integrated management structure to deliver.

*For the Ministry of Education and the Education Sector*

**232. Carry through with plans to consolidate school reporting of all revenue and expenditures, including from LBs, NGOs and OSR in FY 2014/15.** This could help SMCs make more strategic use of available resources. It would also allow for better overall planning and deployment of resources for basic education at the national level.

**233. Clarify the roles and responsibilities of Education Committees at local levels to address issues of providing education beyond the operation of schools.** The VECs/MECs/DECs could be promoted as *fora* within which education sector activities are coordinated at the local level without getting into issues of individual school management that are handled by SMCs and supervised by DEOs. Local level Education Committees could play a role in addressing questions of attendance, enrolment, and, given demographic trends, rationalization. This would require amending the Education Regulations and cooperation between the Education Ministry and MoFALD to provide local Education Committees with active guidance and support. Such work could be undertaken irrespective of whether a more profound delineation of functions is undertaken in the sector.

## *Medium Term Recommendations*

*For the Government of Nepal, initiated by MoFALD:*

**234. Delineate service responsibilities to the extent possible within existing legislation.**

Delineation should occur between DDCs and primary tier VDCs and municipalities, as well as in relation to central government agencies. Expenditure patterns show that DDCs, VDCs and municipalities finance the same types of expenditures with the only difference being that DDCs take on more costly capital projects. The District Transport Management Plans largely achieve a delineation of responsibilities in the local roads sector through distinguishing between the District Core Roads network for which DDCs are responsible with the presumption that VDCs and municipalities are responsible for other local roads. The same kind of demarcation of functional responsibilities between DDCs, VDCs and municipalities could be made in other sectors where LBs presently play a large role, such as water & sanitation or irrigation. For services which presently are essentially central in nature, such as education, guidance on what LBs are responsible for could be developed in conjunction with sector agencies.

**235. A delineation of service responsibilities might first be modeled and tested for a few functions.**

It is a complex task to transfer service responsibilities. There are many types of inputs and activities that are carried out to deliver services. Moreover, the inputs and activities for each public service will differ. In the short term, the GoN might consider modeling a detailed description of what LBs (with differentiation among VDCs, municipalities, and DDCs) and what line agencies would be responsible for in two or three functions. One would be a case where there is clearly a large role played by LBs (e.g. local roads, water supply) and the other might be a case where central agencies will play a major role (e.g. social services such as basic education or primary healthcare). The delineation would distinguish between operational authority to make decisions on quantity and quality of services delivered; long term planning, including capital investment; service standards; oversight and monitoring functions; and incentives for performance. Undertaking such a delineation of responsibilities would need to be reflected in changes to existing regulations to avoid overlap and inconsistencies. It would also likely require a program to prepare LBs for greater responsibilities.

**236. Simplify the system of intergovernmental fiscal transfers.** Conditional grants that target the same sector, such as local roads or water & sanitation, could be provided at the same time and have harmonized reporting requirements. This would require intensive consultations with donors which are the ultimate source of many of the grants and have their own conditions, often including traceability of fund flows. Consolidation would help central management of fund flows and, more importantly, would provide an enabling framework for a more strategic approach to service delivery in these functional areas.

**237. Improve the predictability of intergovernmental fiscal transfers.** There are three major ways where improvement may be sought. First, avoid *ad hoc* and mid/end year allocations as is now often the case with conditional grants. Second, provide local bodies with next year transfer ceilings before the beginning of the annual local planning/budgeting cycle. This might be considered in the context of the budget calendar mandated in the Fiscal Responsibility Bill. Third, stronger formula-driven allocations which recognize objective disparities among LB jurisdictions, particularly for conditional grants, could be considered.

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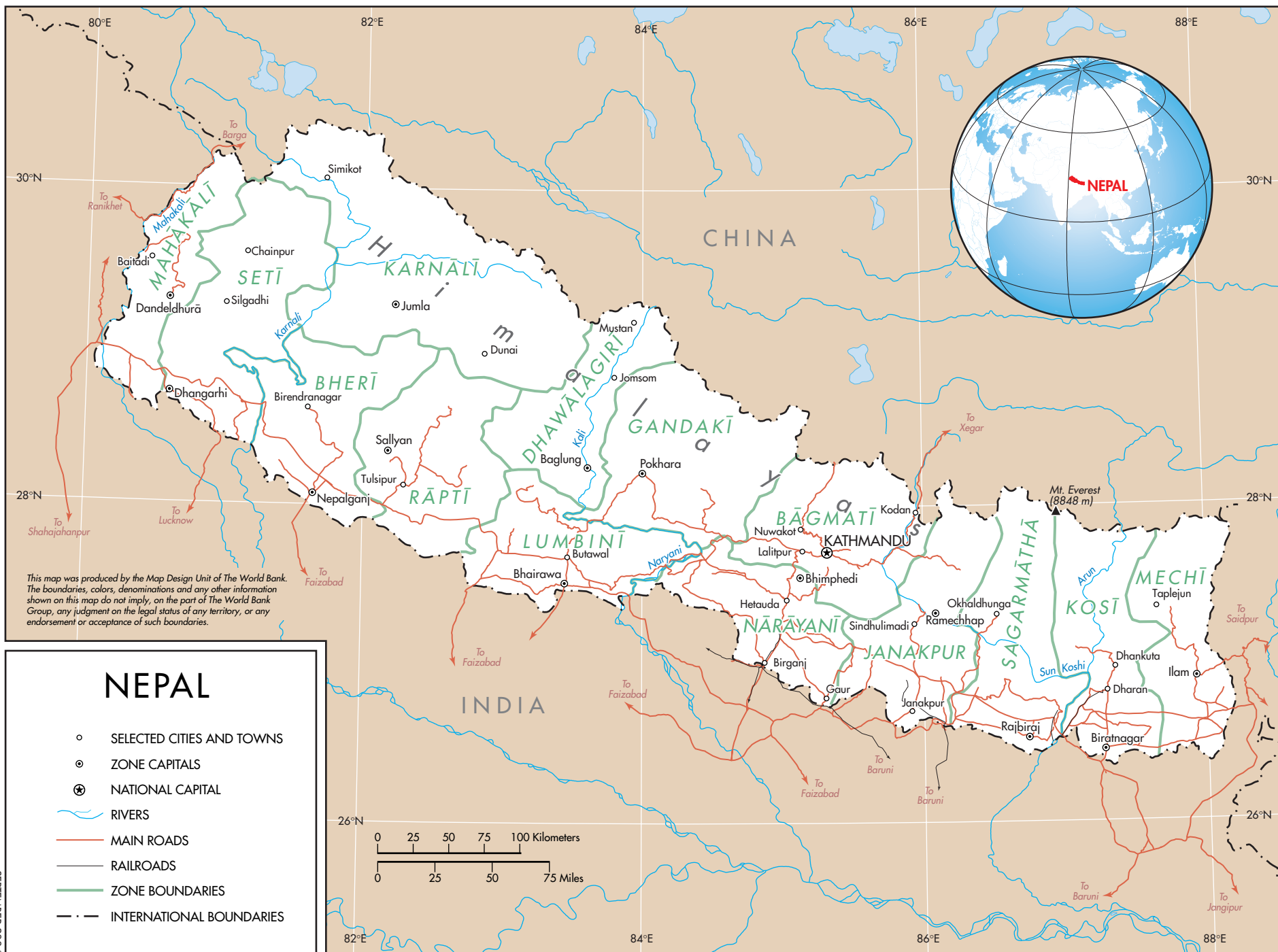
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## MAP SECTION









Report No. 87922-NP

# Nepal

## Local Service Delivery in Nepal: Annexes

June 2014

World Bank  
South Asia Governance and Public Sector (SASGP)  
South Asia Region



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## ANNEX 1: METHODOLOGY OF THE STUDY

This report is largely based on two field-level surveys. The first survey, carried out by INLOGOS, collected quantitative and qualitative data concerning local level public expenditure and financial management. The second survey, carried out by Solutions Consultant Pvt. Ltd., collected information on public perceptions about local level service delivery. Both surveys were carried out in the same sample of local body jurisdictions in two districts.

This annex provides a short description of the methodology used in the first survey to collect data and information for this study, as well as an assessment of the data collected. The methodology used for the second survey (on public perceptions regarding local service delivery) is described in annex 5.

### 1. Case study approach

Given time limitations, data collection was not intended to provide a representative database for local service delivery in Nepal. Instead, a ‘case study’ approach was taken, whereby data was collected from a relatively small sample of local governments and frontline service delivery units in order to provide illustrative material and evidence-based grounds for exploring issues related to local service delivery.

### 2. Selection of districts, local bodies and sectors

The study focused its data collection on two districts – Dhanusa and Dhankuta. These districts were selected on the basis of a number of criteria. Firstly, they are located in different ecological zones: Dhanusa in the floodplains of the Terai and Dhankuta in the Middle Hills. Secondly, they are very different in terms of local governance: the performance of local bodies (LBs) in Dhanusa is poor, largely because of political conflict, while that of Dhankuta’s LBs is assessed as being good. Thirdly, Dhanusa and Dhankuta have different poverty profiles, the former being considerably poorer than the latter.

Two sectors were selected for detailed data and information collection. Basic education was selected because: (a) earlier studies had indicated that LBs were providing significant funding for schools; (b) although a ‘devolved’ sector, funding and policy remain very much the responsibility of the Ministry of Education; and (c) the primary and lower secondary education sectors are some of the most important public services. The local roads sector was selected because: (a) it is very much a core local government mandate; (b) local roads spending by LBs is significant; and (c) the sector makes a major contribution to socio-economic development.

A sample of LBs were selected in each of the two districts: five VDCs in each district, the DDC and the municipalities. VDCs were selected so as to be more or less representative of socio-economic diversity. Within VDCs, all basic public schools were included in the study; in each municipality, a sample of schools was selected. District Education Offices (DEOs), District Treasury & Comptroller Offices (DTCOs), and Divisional Offices of the Department of Roads (DoR) were also included in the study.

Table 1: VDC, municipality and schools sample

| Dhankuta              |            |         | Dhanusa               |            |         |
|-----------------------|------------|---------|-----------------------|------------|---------|
| Local Body            | Population | Schools | Local Body            | Population | Schools |
| Bhedetar VDC          | 2,789      | 6       | Basbitti VDC          | 2,948      | 1       |
| Bhirgaun VDC          | 4,297      | 8       | Labtoli VDC           | 5,106      | 2       |
| Hattikharka VDC       | 4,968      | 3       | Lohana VDC            | 6,927      | 2       |
| Pakhribas VDC         | 4,811      | 4       | Sapahi VDC            | 9,017      | 8       |
| Rajarani VDC          | 2,577      | 4       | Umprempur VDC         | 11,854     | 6       |
| Dhankuta municipality | 26,440     | 10      | Janakpur municipality | 97,776     | 8       |

Table 2: Dhankuta and Dhanusa compared

| <b>DHANKUTA AND DHANUSA IN NUMBERS</b>                                  |                 |                |
|---|-----------------|----------------|
| <b>Variables</b>  | <b>Dhankuta</b> | <b>Dhanusa</b> |
| <b>General</b>  |                 |                |
| Ecological region   | Middle Hills    | Terai          |
| Population  | 163,412         | 754,777        |
| Land area (kms <sup>2</sup> )   | 891             | 1,180          |
| Population density (persons/km <sup>2</sup> )                           | 183             | 640            |
| Estimated incidence of poverty (2011)                                   | 0.169           | 0.231          |
| <b>Local bodies</b>   |                 |                |
| No. of VDCs   | 35              | 101            |
| Total population of VDCs  | 134,958         | 637,339        |
| Average population of VDCs  | 3,856           | 6,503          |
| Largest VDC   | 9,379           | 17,835         |
| Smallest VDC  | 2,594           | 2,594          |
| No. of Municipalities   | 1               | 1              |
| Population  | 26,440          | 97,776         |
| <b>Basic education</b>  |                 |                |
| Total number of schools offering basic education (grades 1-8) - 2012-13 | 352             | 390            |
| - of which no. of public schools  | 315             | 341            |
| - of which no. of private schools                                       | 37              | 49             |
| Total number of students in basic education (grades 1-8) - 2012-13      | 38,346          | 159,614        |
| - of which no. attending public schools                                 | 33,567          | 152,651        |
| - of which no. attending private schools                                | 4,521           | 6,963          |
| - of which no. attending other schools                                  | 258             | -              |
| <b>Fiscal (2012) – VDCs</b>   |                 |                |
| Total OSRs and shared revenues - NRs '000s                              | 1,928           | 10,236         |
| Total block grants (recurrent and capital) - NRs '000s                  | 72,933          | 200,247        |
| Total VDC revenues - NRs '000s  | 74,861          | 210,483        |
| Total revenue per capita (NRs)  | 555             | 330            |
| Total grant revenue per capita (NRs)                                    | 540             | 314            |
| <b>Fiscal (2012) – DDC</b>  |                 |                |
| Total OSRs and shared revenues  | 16,880          | 44,546         |
| Total block grants (recurrent and capital) - NRs '000s                  | 32,972          | 55,493         |
| Total conditional grants - (recurrent and capital) - NRs '000s          | 283,552         | 110,186        |
| Total DDC revenue - NRs '000s   | 333,404         | 210,225        |
| Total revenue per capita (NRs)  | 2,040           | 279            |
| Total grant revenue per capita (NRs)                                    | 1,937           | 220            |



### **3. Collection of data and information**

#### ***Primary local level data***

The field-level survey was undertaken by INLOGOS and was carried out by two teams of four enumerators, with each team being supervised by a district coordinator under the overall guidance of a national team leader. The INLOGOS teams collected data in their respective districts in two rounds: a first round lasting about 3 weeks, followed a month later by a second round of less than a week.

The survey teams used standard forms for each type of institution for collecting data: forms for quantitative data (revenues, expenditure, staffing, students, etc.) and checklists of questions for qualitative data.

The teams collected revenue and expenditure data for three FYs (2009/10, 2010/11 and 2011/12) from: VDCs, schools, DDCs, municipalities, DEOs, divisional DoR offices and DTCOs. To the extent possible, hard copies of financial statements, planning documents, audit reports, council minutes and other documents were collected and information transcribed from these into the standard forms. The same applied to staffing and, in the case of schools, to student numbers.

Additional and more qualitative information (about planning, management, etc.) was collected through interviews with LB staff, school teachers, and others. In addition, the enumerators pieced together small case studies and recorded them as notes.

After the first round of fieldwork, the INLOGOS team returned to Kathmandu in order to verify and collate data. Data gaps and inconsistencies were identified. A second round of fieldwork in the two districts took place in order to iron out inconsistencies and to complete – as far as possible – datasets.

#### ***Secondary data and other sources of information***

In addition to the INLOGOS teams in the field, several consultants or World Bank staff collected data and information at the center, with a focus on the local roads sector, primary and secondary education, and the intergovernmental fiscal framework. This involved collecting information from a number of institutions: DoLIDAR, DoE, MoFALD, and the Local Bodies' Fiscal Commission. Relevant documentation and reports were also consulted.

#### ***Difficulties and limitations***

Data collection in the districts proved to be as difficult as expected, if not more so. LBs' financial records often proved to be fragmented, incomplete, inconsistent and – on occasion – non-existent. High staff turnover among VDC Secretaries and other LB staff exacerbate these problems. In Dhanusa, for example, Umaprempur VDC has had four different VDC Secretaries in the last three years, while Laboli VDC has had three different VDC Secretaries in the last twelve months. Such high rates of turnover inevitably result in weak institutional memory.

Data collection in Dhanusa district was particularly challenging. Several DDC staff have been suspended pending investigations into malpractice and corruption. In addition, the DEO was under investigation by the CIAA, which had been alerted to the existence of 'phantom' schools in the district – allegedly registered officially and receiving government grants, but non-existent in reality. Finally, the district suffers from chronic political conflict and poor local governance. Dhanusa has consistently been rated by MoFALD as one of the worst performing districts in the country. All of this made it difficult for the enumerators to meet with local officials in Dhanusa in order to get information. Financial and other records in Dhanusa proved to be very difficult to obtain and, moreover, were usually incomplete. For example, in four of the five VDCs surveyed in Dhanusa, financial reports were not available in VDC

offices and could only be found in the homes or briefcases of VDC Secretaries. Even when such records could be located, they were – more often than not – incomplete.

Although data collection was easier in Dhankuta, where most financial and other records were filed in local body and other offices, the INLOGOS team still faced difficulties in collecting financial data from LBs due to inadequate/inconsistent record keeping and missing documents. It was particularly difficult to collect financial data that would allow the study to analyse LB sector-wise expenditure. However, many fewer difficulties were encountered in collecting financial data from local schools.

Given the difficulties encountered in the collection of primary data, the existing datasets for Dhankuta and especially Dhanusa are incomplete (and sometimes inconsistent). Excepting a few cases in Dhanusa, school datasets are generally the most robust and consistent. VDC datasets from Dhankuta are relatively good; for Dhanusa, however, the VDC datasets include several major gaps. The two municipal datasets are reasonably solid, although the dataset for Janakpur is incomplete. Surprisingly, DDC-level financial data from Dhanusa is much more complete than for Dhankuta.

## ANNEX 2: LOCAL LEVEL PLANNING

LBs are required to formulate periodic and annual plans. The LSGA and the Resource Mobilization and Operation Management Guidelines (2013) provide for a participatory and inclusive framework for planning, management, implementation, resource allocation and budgeting, supervision, monitoring and evaluation, reporting and oversight activities.<sup>1</sup> The participatory planning process is known as the fourteen steps planning process (see figure 1 on the next page), which begins at the community level and moves up to the national level (NPC and MoF).

All LBs are expected to prepare five year periodic plans in a participatory way, in accordance with NPC directives.<sup>2</sup> Local periodic plans should meet several criteria:

- include long term goals, objectives and strategies and cover major functional areas or sectors that are devolved to local bodies;
- include gender, social inclusion, the environment and children as cross-cutting issues in all sectors;
- be prepared on a spatial basis and on the basis of an analysis of spatial factors;
- encompass the key elements of sector-specific plans;
- forecast and take into account resource projections;
- take into account potential developmental and contributions from central government, NGOs and the private sector (which are to be coordinated with LB activities and investments included in LB periodic plans);
- support and complement national plans and contribute to national goals, objectives and overall targets.

Based on their periodic plans, LBs are expected to formulate inclusive, participatory, integrated and comprehensive annual plans. This requires both the communication downwards of resource envelopes and an upward planning process to prioritize projects from grassroots community groups up to the DDCs. In terms of downward communication, line ministries are expected to provide their district level departments with annual budget ceilings, estimate sector grants to LBs and issue guidelines for annual planning. Local line department and district plans should be consistent with national development policies and plans. Included in this are MoFALD forecasts of annual conditional and unconditional grants. District Resource Estimation Committees<sup>3</sup> (DRECs) estimate the total resources that are expected to be available for each LB in the district for the following year. These resource envelopes (or budget ceilings) are communicated to the respective LBs. In addition, VDCs and municipalities also have to estimate their respective resource envelopes. Village, municipal and district councils are required to prepare their respective plans within their budget ceilings. LBs can submit project proposals for inclusion in the plans of higher tiers in the inter-governmental system.

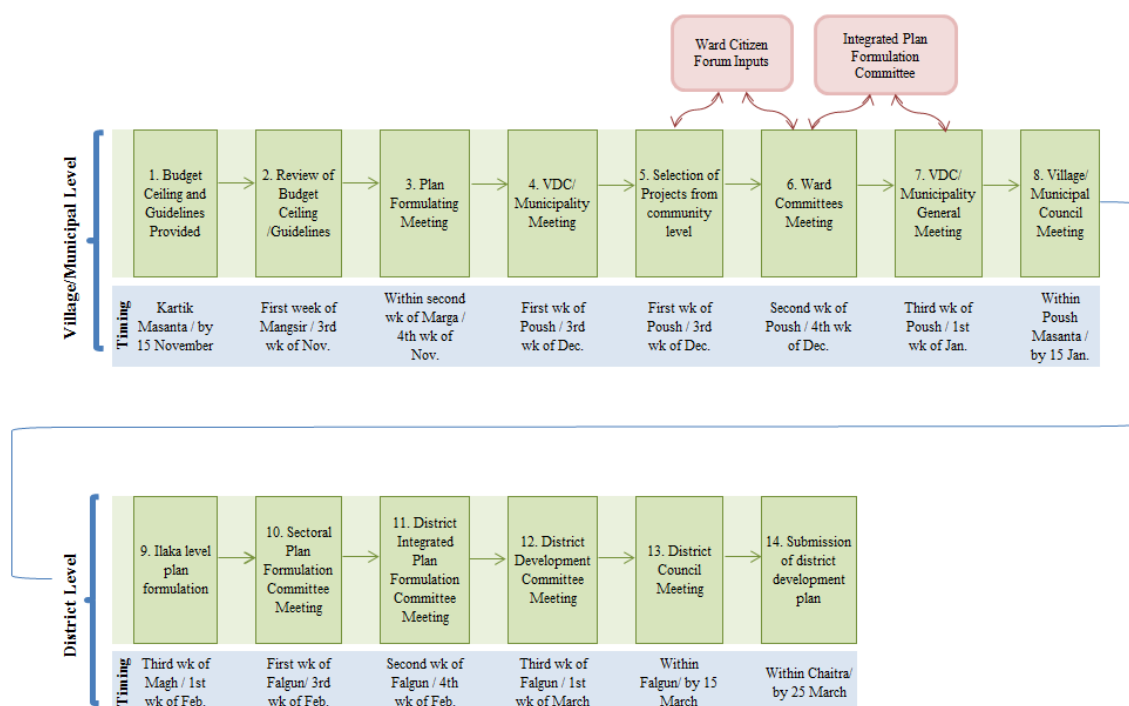
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<sup>1</sup> VDC, municipal and DDC planning processes are provided for in LSGA (Arts. 43-54, 111-124, and 195-214, respectively) and LSGR (rules 64-69, 134-139, and 197-206, respectively). The RMOM Guidelines (sections 3-5) provide local bodies with additional instructions for planning in the absence of elected councils.

<sup>2</sup> NPC directives are structured around four steps: (i) data collection; (ii) data and SWOT analysis; (iii) plan formulation on the basis of a logical framework; and (iv) implementation.

<sup>3</sup> The RMOM Guidelines (procedure 18) stipulate that each DDC should establish a District Resource Estimation Committee.

Figure 1: The fourteen step planning process



Source: Local Bodies Resource Mobilization and Management Procedures 2013, adapted

## The Local Level Planning Process – The Key Steps

### Resource forecasts and budget ceilings

- Line ministries are expected to communicate the annual budget ceilings to their district level line departments; this includes information on the estimated sector grant amounts and guidelines for annual planning, consistent with more general NPC instructions.
- Similarly, the Ministry of Federal Affairs and Local Development (MoFALD) forecasts annual conditional and unconditional grants and communicates the estimated grant amounts to LBs.
- The District Resource Estimation Committees<sup>4</sup> (DRECs) then estimate the total resources (unconditional and conditional grants, own-source revenues, shared revenues, etc.) that are expected to be available for each LB (DDC, VDCs and municipalities) in the district for the following fiscal year. These resource envelopes, or budget ceilings, are communicated to the respective LBs. VDCs and municipalities are also required to provide an estimate of their expected resource envelopes.

<sup>4</sup> The RMOM Guidelines (procedure 18) stipulate that each DDC should establish a District Resource Estimation Committee.

### *The annual planning process at the VDC/municipal level*

- After receiving the resource projections/budget ceilings, policy guidelines and a description of the priority areas from their VDC/municipality, community organizations (COs), user groups (UGs), NGOs and line agencies initiate the planning process at the community level. In the community level plan formulation committee meetings community groups submit their priorities to their respective Ward Citizen Forums<sup>5</sup> (WCFs).
- The WCFs then select their priority projects/activities and submit them to their VDC or municipality. Priority activities, projects or investments should be classified as:
  - Activities which can be completed/implemented by communities themselves or in partnership with other agencies;
  - Activities which can be completed/implemented within the forecasted VDC/municipality budget ceiling;
  - Activities which should be referred to the district or central level;
  - Activities which have been carried over from the previous FY.
- The VDC/municipality then holds an integrated plan formulation committee meeting to:
  - Prioritize among proposed activities and ensure synergy between the different sectoral activities/projects submitted by WCFs, taking into account NPC and DDC directives regarding national development policies and VDC/municipal periodic plans;
  - Forward the prioritized sectoral activities to village/municipal councils for approval; the councils can only approve activities or programs within their jurisdictions and within their annual budget ceiling;
  - Review all programs under implementation and determine their linkages with other sectors;
  - Determine which projects/activities should be submitted to the Ilaka level<sup>6</sup> to be included in the district or national level planning.

### *The annual planning process at the DDC and national level*

- The plan formulation committees at Ilaka level<sup>7</sup> prioritize among the proposed projects/activities as per the policy guidelines and within the limits of the available resources; they then recommend the selected priorities to the concerned sectoral plan formulation committees at the district level.
- The sectoral plan formulation committees further prioritize among the projects/activities submitted by the Ilaka plan formulation committees and then forward their recommendations to the DDC.
- The DDC's Integrated Plan Formulation Committee (IPFC) reviews the priority proposals submitted by the sectoral committees to ensure inter- and intra-sector synergies and to eliminate overlap or duplication and sends its recommendations to the DDC.
- The DDC then classifies the proposed projects into district and central level programs/activities and submits the annual district program proposal including recommendations to the district council. After verifying that the proposed projects/programs are below the approved budget ceiling, the district council approves district level programs and budgets<sup>8</sup>; it forwards central level priority projects/activities to the concerned line ministries, MoFALD and NPC.

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<sup>5</sup> WCFs consist of 25-30 members, selected in an inclusive way to ensure representation of women and disadvantaged communities. Although WCFs are not provided for in LSGA/R, the RMOM Guidelines (2013) do so in order to ensure citizen engagement in the local planning process in the absence of Ward Committees.

<sup>6</sup> Ilaka level meetings are scheduled to take place before the end of January each year

<sup>7</sup> Each DDC is divided into 9-17 Ilakas, the exact number depending upon the number of electoral constituencies for national parliament elections. There are a total of 927 Ilakas in Nepal. Ilakas are no administrative or local government units and are used only for electoral or district planning purposes.

<sup>8</sup> The district councils are supposed to approve district programs and budgets by mid-March.

- At the central level, ministries review the district plans for consistency with national sector policies and whether they are within the agreed budget ceiling guidelines. In case of inconsistency with the guidelines the proposal including directives and/or comments is sent back to the concerned DDCs.
- Central level line departments and ministries may also ask DDCs to include sector-specific projects (identified at the national level) in their annual plans.
- Taking into account the recommendations/proposals from all DDCs – among other things – the NPC consolidates the national level plans. DDCs are informed by the NPC if their recommendations or proposals have been incorporated into central level plans.
- The NPC then approves the national plan and submits it to the MoF which submits the approved national plan and annual budget to parliament for approval.

The approved plan should serve as the basis for concerned ministries to authorize budgets for respective line departments, project offices, DDCs and municipalities. DDCs authorize for VDCs. DDCs request all concerned implementing agencies to prepare their operational calendars (along with implementation responsibilities) for program implementation and also request them to prepare funding matrices.

### **Supervision and monitoring**

In line with LSGA provisions, DDCs should form Monitoring Committees under the chairpersonship of an MP representing the district. If there is more than one MP representing the district, MPs will chair the committee in alphabetical order. However, few DDCs have followed this. To ensure monitoring, the RMOM Guidelines (2013) make special provision for the establishment of supervision and monitoring committees, the meetings of which are to be chaired by the chairpersons of the respective LBs. This committee monitors whether projects or programs have followed the operational calendar and whether the funds are used properly or not. The committee is also authorized to monitor outputs every trimester and submit its report to the LB chair.

The table on the following page provides a detailed overview of the principal stakeholders in the local level planning process, their roles and responsibilities.

Table 1: Local Level Planning – Principal Stakeholders, Roles and Responsibilities

| CENTRAL GOVERNMENT LEVEL                  |   | DISTRICT LEVEL                              |  | VILLAGE/MUNICIPAL LEVEL  |  |
|---|---|---|--|--|--|
| Institutional stakeholder                 | Main roles and responsibilities   | Institutional stakeholder                   | Main roles and responsibilities  | Institutional stakeholder                                      | Main roles and responsibilities  |
| <b>National Planning Commission (NPC)</b> | <ul style="list-style-type: none"> <li>- Provide budget ceilings and guidelines for local planning by November 15 (LSGA: Art. 203)</li> <li>- Provide directives for formulation of local periodic and annual plans (LSGA Art. 297 and LIDP)</li> <li>- Approve local conditional &amp; unconditional grants and program budgets</li> <li>- Provide guidelines for M&amp;E and harmonization for bringing uniformity in the local plan structures (LIDP)</li> </ul>                             | <b>District Council (DC)</b>                | <ul style="list-style-type: none"> <li>- Approve district periodic plans, and annual plans and budgets, including sectoral programs</li> <li>- General functions of district council</li> </ul>  | <b>Village/-Municipal Council (VC/MC)</b>                      | <ul style="list-style-type: none"> <li>- Approve plans, programs and budgets submitted by VDC/municipality</li> <li>- General functions of village and municipal councils</li> </ul>   |
| <b>Ministry of Finance (MoF)</b>          | <ul style="list-style-type: none"> <li>- Allocation and mobilization of local and foreign resources</li> <li>- Approval of local infrastructure plans, programs, projects and budgets</li> <li>- Issue authorization letters for budget release to respective ministries</li> <li>- Authorize unconditional grants directly to LBs as recommended by MoFALD</li> <li>- Review national priority programs on bi-monthly basis</li> <li>- Fund release and tracking through FCGO/DTCOs</li> </ul> | <b>District Development Committee (DDC)</b> | <ul style="list-style-type: none"> <li>- Implement plans, programs as approved by DCs, and follow instructions of DC</li> <li>- Planning, implementation, monitoring, evaluation and maintenance of district roads (LSGA Art. 189)</li> <li>- Develop district periodic plan (LSGA Art.195)</li> <li>- Establish district plan formulation committees and integrated plan formulation committee (LSGA Art. 197)</li> <li>- Prepare resource maps, conduct feasibility studies, prioritize and select projects (LSGA Arts. 199-202)</li> <li>- Coordinate among different GoN agencies and I/NGOs at district level (LSGA Art. 204, 209)</li> </ul> | <b>Village Development Committees (VDC) and Municipalities</b> | <ul style="list-style-type: none"> <li>- Implement, monitor and maintain programs within VDC/municipality (LSGA Arts. 28 and 96F)</li> <li>- Prepare periodic plans, resource maps, feasibility studies</li> <li>- Prioritize and select projects</li> <li>- Coordinate among different GoN agencies and I/NGOs (LSGA Arts. 47, 51, 115, 120)</li> <li>- Implement, manage ,supervise, monitor and review projects under their jurisdictions (LSGA Arts. 43-54 and 111-124)</li> <li>- Conduct internal and final audits of VDCs/municipalities</li> <li>- Conduct public/social audits</li> </ul> |

|   |  |  |   |  |   |
|---|--|--|---|--|---|
|   |  |  | <ul style="list-style-type: none"> <li>- Form user groups and identify NGOs for implementation of projects (LSGA Arts. 208-209)</li> <li>- Supervise, monitor, review and evaluate projects (LSGA Arts. 210-211)</li> <li>- Establish sector specific sections to carry out development functions (LSGA Art. 257)</li> <li>- Coordinate VDCs, municipalities and line agencies, share and allocate resources among LBs and line agencies as conditional, unconditional and revenue sharing grants to VDCs</li> <li>- Select final auditors for VDCs and conduct internal auditing of VDC accounts</li> <li>- Conduct public/social audits</li> </ul>  |  |   |
| <b>Ministry of Federal Affairs and Local Development (MoFALD)</b> | <ul style="list-style-type: none"> <li>- Focal ministry for LBs and local infrastructure</li> <li>- Support to policy formulation, implementation, monitoring and standard setting, and information management</li> <li>- Coordinate with different ministries, agencies, development partners and institutions I/NGOs, private sector and LBs (LIDP: 6.2.6)</li> <li>- Provide directives and guidelines to LBs</li> <li>- Depute or facilitate deputation of officials if requested by LBs who will be accountable to concerned LBs (LSGA Art. 256)</li> </ul> | <b>Local Development Officer (LDO)</b> | <ul style="list-style-type: none"> <li>- Secretary of DC and DDC</li> <li>- Coordinate development activities at district level</li> <li>- Due to the absence of local elections since 2002, the DDCs themselves are currently headed by the LDO</li> <li>- Report to MoFALD</li> <li>- Responsible for financial and administrative management, and operates DDF, the “local” treasury to which all LRN funds are allocated and from which funds are released to the operational accounts of different sector wise offices, line agencies and the DDC secretariat</li> <li>- Facilitate coordination of VDC level activities</li> <li>- Recommend budget releases to VDCs by DTCO</li> </ul> | <b>VDC secretary/ Municipal Executive Officer (EO)</b> | <ul style="list-style-type: none"> <li>- Each VDC and municipality has a central government representative, appointed to work as the secretary of his/her respective council/committee</li> <li>- responsible for implementation, monitoring, financial and physical management and reporting to concerned local agencies</li> <li>- Operate VDC/municipal treasuries</li> <li>- Administrative coordination of VDC/municipal level activities</li> <li>- Responsible for internal and final audits</li> <li>- Report to respective agencies and to DDCs</li> </ul> |



|  |   |   |   |   |   |
|--|---|---|---|---|---|
| <b>Ministry of Urban Development</b>   | <ul style="list-style-type: none"> <li>- Provide support for municipal infrastructure including physical planning of municipalities and Town Development Committees</li> </ul>  | <b>Subject specific plan formulation committees</b> | <ul style="list-style-type: none"> <li>- Scrutinize construction-related programs and projects that are received from Ilaka level service centers, line departments and other agencies and forward to IPFC (LSGA Art. 197)</li> </ul>   | <b>Integrated Plan Formulation Committee (IPFC)</b> | <ul style="list-style-type: none"> <li>- Recommend plans and programs that are submitted by different ward citizen forums (WCFs) to respective VDCs/municipalities (RMOMG sections 15-16)</li> </ul>  |
|  |   | <b>Integrated Plan Formulation Committee (IPFC)</b> | <ul style="list-style-type: none"> <li>- Recommend synergized plan and programs that are submitted by different subject specific plan formulation committees to DDC</li> </ul>  | <b>Ward Citizen Forums (WCFs)</b>                   | <ul style="list-style-type: none"> <li>- Prepare compile, integrate and prioritize different projects/ programs received from different communities/groups from settlement and neighborhood levels (RMOMG section 20)</li> </ul>  |
| <b>Financial Comptroller General Office (FCGO)</b>                                     | <ul style="list-style-type: none"> <li>- Release budget according to authorization letter of MoF, and other ministries</li> <li>- Treasury management, tracking and FMIS</li> </ul>   | <b>Ilaka level, service centers</b>                 | <ul style="list-style-type: none"> <li>- Examine and prioritize programs and projects that are submitted by VDCs/ municipalities and make recommendations to different subject specific plan formulation committees at DDC level</li> </ul>   | <b>Community groups and users</b>                   | <ul style="list-style-type: none"> <li>- Identify and submit projects to WCFs</li> </ul>  |
| <b>Department of Local Infrastructure Development and Agricultural Roads (DoLIDAR)</b> | <ul style="list-style-type: none"> <li>- Provide technical support to LBs to fulfill the objectives of the LIDP and national strategies.</li> <li>- Provide technical supervision of programs and projects implemented by LBs, GoN and different DPs</li> <li>- Provide technical support for maintaining quality and developing professionalism and competency of LBs</li> <li>- Establish linkages with other technical departments for quality outputs</li> <li>- Provide technical support for preparation of DTMPs</li> <li>- Planning, budgeting, implementation, monitoring and reporting along with technical guidance and follow-up</li> <li>- Provide technical support to MoFALD to formulate local</li> </ul> | <b>District Technical Office (DTO)</b>              | <ul style="list-style-type: none"> <li>- Provide technical support to LBs for planning, implementation, supervision, monitoring, evaluation and reporting</li> <li>- Prepare district specific norms and specifications and establish quality control labs or ensure quality control</li> <li>- Support local mechanisms for ensuring technical quality, develop guidelines and manuals for DDCs and other LBs</li> <li>- Prepare cost estimates, bid documents, design, drawings, agreement documents, measurement books, and other construction related documents and submit for approval to respective agencies for management and final payment activities</li> <li>- Conduct technical supervision of local level infrastructure projects and</li> </ul> | <b>Construction Committees, User Groups</b>         | <ul style="list-style-type: none"> <li>- Facilitate participation by users of services</li> <li>- Promote inclusive, representative and gender friendly construction committees for project implementation</li> <li>- Establish monitoring committee during construction</li> <li>- Conduct public audits</li> <li>- Conduct local procurement of goods and services</li> <li>- Collect service charges</li> <li>- Report to concerned LBs (LSGA Arts. 49,119 and 209)</li> </ul> |

|   |  |   |   |  |  |
|---|--|---|---|--|--|
|   | <p>infrastructure policies/ strategies and operational guidelines for LBs</p> <ul style="list-style-type: none"> <li>- Support LBs for capacity development, human resource development and training for DTOs</li> <li>- Develop manuals, guidelines, technical norms, standard specifications related to local infrastructure services (LIDP responsibility matrix)</li> <li>- Coordinate with different departments, LBs and other stakeholders concerning local infrastructure</li> </ul> |   | <p>prepare cost variations</p> <ul style="list-style-type: none"> <li>- Prepare progress reports and forward to respective agencies, including DDCs and DoLIDAR</li> </ul>  |  |  |
| <b>Steering or Coordination Committee</b> | <ul style="list-style-type: none"> <li>- Review project progress reports and take necessary action to deal with project specific implementation issues</li> </ul>  | <b>District Treasury Comptroller Office (DTCO)</b>    | <ul style="list-style-type: none"> <li>- Release approved budget at local level</li> <li>- Handle single treasury account</li> <li>- Fund tracking, FM, operate FMIS</li> <li>- Submit periodic financial reports to central FCGO</li> <li>- Conduct internal audits of government accounts</li> <li>- Coordinate account related officials at local level</li> </ul> |  |  |
|   |  | <b>I/NGOs</b>   | <ul style="list-style-type: none"> <li>- Social mobilization, group strengthening and capacity development</li> <li>- Support for basic services along road side corridors (LSGA Arts. 47, 51, 115, 120, 204, and 209)</li> <li>- Carry out local level activities by partnering with LBs</li> </ul>  |  |  |
|   |  | <b>Private sector (contractors, consulting firms)</b> | <ul style="list-style-type: none"> <li>- Provide services for the implementation of road construction</li> <li>- Provide consulting services for designing, supervision and technical quality control</li> <li>- Conduct IEE/EIA, monitoring and reporting</li> </ul>   |  |  |

### ANNEX 3: LOCAL BODY FUNCTIONS

| Functional area                               | DDCs<br>(within their respective jurisdictions)   | VDCs<br>(within their respective jurisdictions)  | Municipalities<br>(within their respective jurisdictions)  |
|---|---|--|--|
| Agriculture                                   | <ul style="list-style-type: none"> <li>General responsibilities (including management and implementation)</li> </ul>  | <ul style="list-style-type: none"> <li>General responsibilities (including management and implementation)</li> </ul>   |  |
| Drinking water & housing                      | <ul style="list-style-type: none"> <li>General responsibilities (including management and implementation)</li> <li>Planning for housing and market development</li> </ul>                                   | <ul style="list-style-type: none"> <li>General responsibilities (including management and implementation)</li> </ul>   | <ul style="list-style-type: none"> <li>To carry out or cause to be carried out sanitation programmers in the Municipality area.</li> </ul>   |
| Hydropower & electricity                      | <ul style="list-style-type: none"> <li>General responsibilities (including management and implementation) for <u>micro-hydropower</u></li> </ul>  |  | <ul style="list-style-type: none"> <li>Generation/distribution of electricity</li> </ul>   |
| Works & transport                             | <ul style="list-style-type: none"> <li>General responsibilities (including management and implementation) for <u>district</u> roads and transport infrastructure</li> </ul>                                 | <ul style="list-style-type: none"> <li>General responsibilities (including management and implementation) for <u>rural</u> roads and transport infrastructure</li> </ul>   | <ul style="list-style-type: none"> <li>General responsibilities (including management and implementation) for <u>municipal</u> roads and transport infrastructure</li> </ul>   |
| Land reform and management                    | <ul style="list-style-type: none"> <li>Management of cultivated and barren <u>public</u> lands</li> </ul>   |  |  |
| Women and helpless people (social protection) | <ul style="list-style-type: none"> <li>Promotion of women's development.</li> <li>Protection of orphans, helpless women, the aged, disabled and incapacitated persons as per the national policy</li> </ul> |  |  |
| Forests & environment                         | <ul style="list-style-type: none"> <li>To prepare and implement plans on forests, vegetation, biological diversity and soil conservation.</li> <li>To protect and promote the environment.</li> </ul>       | <ul style="list-style-type: none"> <li>Re-forestation of public lands.</li> <li>To prepare and implement plans on forests, vegetation, biological diversity and soil conservation.</li> <li>To protect and promote the environment.</li> </ul> | <ul style="list-style-type: none"> <li>To preserve rivers, streams, ponds, deep water, wells, lakes, stone water-taps etc. and utilize, or cause to be utilized them properly.</li> <li>Pollution control</li> <li>Environmental protection</li> <li>Solid waste management</li> </ul> |

| Functional area              | DDCs<br>(within their respective jurisdictions)   | VDCs<br>(within their respective jurisdictions)   | Municipalities<br>(within their respective jurisdictions)   |
|------------------------------|---|---|---|
| Education & sports           | <ul style="list-style-type: none"> <li>• Prioritization for establishing new schools</li> <li>• Recommend closure of schools.</li> <li>• To supervise and monitor schools in the district development area and assist in their operation and management.</li> <li>• To formulate policies and programs for adult education.</li> <li>• Formulate and implement sports programmers.</li> </ul> | <ul style="list-style-type: none"> <li>• To establish, operate and manage pre-primary schools.</li> <li>• To supervise and manage the schools in the village development area.</li> <li>• To assist in providing primary level education in mother tongue within the village development area.</li> <li>• Manage adult and non-formal education programmers.</li> <li>• To establish and manage libraries.</li> <li>• To formulate and implement sports programs.</li> <li>• Provide scholarships to the students of oppressed and disadvantaged ethnic communities.</li> </ul> | <ul style="list-style-type: none"> <li>• To establish, operate and manage pre-primary schools.</li> <li>• To support operation and management of schools within the Municipality</li> <li>• Make recommendations for the establishment and closure of schools.</li> <li>• To assist in providing primary level education in mother tongue within the Municipality.</li> <li>• Provide scholarships to the students of oppressed and disadvantaged ethnic communities.</li> <li>• Manage adult and non-formal education programmers.</li> <li>• To formulate and implement sports programs.</li> </ul> |
| Wages for labor              | <ul style="list-style-type: none"> <li>• Determination of wage rates</li> <li>• Abolition of child labor</li> </ul>   |   |   |
| Irrigation & erosion control | <ul style="list-style-type: none"> <li>• Irrigation: general responsibilities (including management and implementation) for irrigation schemes which cover <u>more</u> than 1 VDC</li> <li>• Erosion control: general responsibilities (including management and implementation)</li> </ul>   | <ul style="list-style-type: none"> <li>• General responsibilities (including management and implementation)</li> </ul>  | <ul style="list-style-type: none"> <li>• Irrigation development.</li> <li>• To control and prevent soil &amp; water erosion.</li> </ul>   |
| Information & communication  | <ul style="list-style-type: none"> <li>• Regulation of cinemas</li> <li>• Libraries and information centers (outside of Municipalities)</li> </ul>  |   |   |

| <b>Functional area</b>   | <b>DDCs<br/>(within their respective jurisdictions)</b>   | <b>VDCs<br/>(within their respective jurisdictions)</b>   | <b>Municipalities<br/>(within their respective jurisdictions)</b>   |
|--|---|---|---|
| Language & culture   | <ul style="list-style-type: none"> <li>General responsibilities (including management and implementation)</li> </ul>  | <ul style="list-style-type: none"> <li>General responsibilities (including management and implementation)</li> </ul>  | <ul style="list-style-type: none"> <li>General responsibilities (including management and implementation)</li> </ul>  |
| Cottage industries and industry  | <ul style="list-style-type: none"> <li>Keep records of cottage industries in district</li> <li>Identify industrial zones in district</li> </ul>   | <ul style="list-style-type: none"> <li>Facilitation for development of cottage industries</li> </ul>  | <ul style="list-style-type: none"> <li>Promotion of cottage industries</li> </ul>   |
| Health services  | <ul style="list-style-type: none"> <li>General responsibilities (including management and implementation) for district level health services</li> <li>Authorization to open sub-health posts</li> </ul> | <ul style="list-style-type: none"> <li>General responsibilities (including management and implementation) for primary health services</li> </ul>  | <ul style="list-style-type: none"> <li>General responsibilities (including management and implementation) for primary and municipal health services</li> </ul>  |
| Tourism  | <ul style="list-style-type: none"> <li>General facilitation of tourism development</li> </ul>   | <ul style="list-style-type: none"> <li>General facilitation of tourism development</li> </ul>   | <ul style="list-style-type: none"> <li>Promotion of tourism</li> </ul>  |
| Physical development (community buildings, housing, land use planning, drainage) |   | <ul style="list-style-type: none"> <li>General responsibilities (including management and implementation)</li> </ul>  | <ul style="list-style-type: none"> <li>General responsibilities for land use and urban planning</li> </ul>  |
| Social welfare   |   |   | <ul style="list-style-type: none"> <li>Disposal of the deceased, protection of women and children</li> </ul>  |
| Miscellaneous (selected)   |   | <ul style="list-style-type: none"> <li>Vital registration</li> <li>Social protection: protection of orphans, helpless women, the aged, disabled and incapacitated persons as per the national policy</li> </ul> | <ul style="list-style-type: none"> <li>Vital registration</li> <li>Social protection: <ul style="list-style-type: none"> <li>To maintain inventory of the helpless, orphans and disabled children.</li> </ul> </li> </ul> |

## ANNEX 4: INTERGOVERNMENTAL FISCAL FRAMEWORK

### 1) Background

The key feature that distinguishes fiscal decentralization from other forms of decentralization is the constitutional or legal power to raise taxes and carry out service delivery by the lower tiers of government (Tanzi, 1995). The central government while devolving both expenditure and revenue responsibilities to lower tiers is also hoping to improve economic efficiency, service delivery and accountability in local governments (Jenkins, et al., 2000). However, (Oates, 1999) notes that the relationship between fiscal decentralization and development outcomes is not straightforward. Additionally, various tenets of fiscal decentralization – expenditure mandates, revenue assignment, intergovernmental transfers, coordination among tiers – are complex and fraught with challenges. There is no magic bullet in terms of designing fiscal decentralization which is further complicated by a country's history, culture, geography, institutional setting, bureaucracy and politics.

The Local Self Governance Act (1999) provided for a comprehensive transfer of central decision making power and implementing authority to local bodies in Nepal. However, the LSGA faced several constraints and challenges which led to the slow decentralization reforms. A total of 23 sector laws conflicting with the LSGA were never harmonized. As a result, the Nepalese government structure has remained centralized. This is evident by the own source revenue generated by LBs in Nepal. After 12 years of passing of LSGA, own source revenue generated by LBs was 0.3% of GDP while the central government's total revenue has reached 15.7% of GDP in FY 2012/13<sup>9</sup>. LBs' total expenditure as a percentage of central government expenditure has increased significantly in recent years (reaching approx. 10%, 12% and 9% of total central government expenditure in FY 2010/11, FY 2011/12 and FY 2012/13 respectively). However, own source revenue has remained flat, comprising 2% of total central government revenue in FY 2012/13.<sup>10</sup>).

### 2) Revenue

#### *Revenue Assignments*

Major sources of revenue (income tax, VAT, custom, excise etc.) are collected by central government while minor sources are provided to LBs in Nepal. The LSGA and Local Bodies Fiscal Administration Regulation (1999) provided that local governments can mobilize resources from different sources: internal resources (tax and non-tax revenue), revenue sharing, transfers from the central government and donations/grants from various agencies. Revenue assignment between different tiers of government is listed in the table below:

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<sup>9</sup> LBFC, 2013, Fiscal Situation Analysis of Local Bodies, Budget Speech 2013

<sup>10</sup> LBFC, Budget speech 2013

Table 1: Revenue assignment: own source revenue

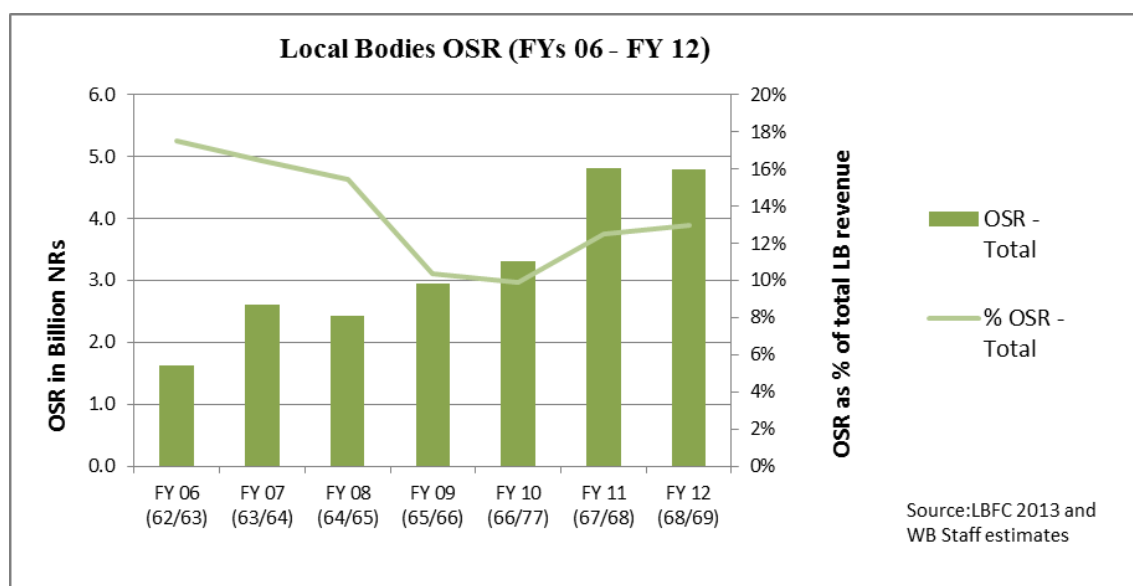
| Central Government  | DDC  | VDC  | Municipality   |
|---|--|--|--|
| <ul style="list-style-type: none"> <li>Taxes on Income, profits, capital gains: Income tax, company profit tax, capital gain tax, dividend tax, interest tax, house and land rent tax on urban properties, social security taxes on payroll.</li> <li>Taxes on Goods and Services: value added tax, excise duties, vehicle tax, air passenger service tax etc.</li> <li>Taxes on International Trade and transactions: customs and other import duties, export duties.</li> </ul> | <ul style="list-style-type: none"> <li>Taxes on the use of infrastructures such as roads, bridges etc.</li> <li>Tax on the export of goods produced in the district.</li> <li>Tax on the recyclable and waste materials (including <i>Kabadi</i>)</li> <li>Tax on agricultural and animal products</li> </ul>                  | <ul style="list-style-type: none"> <li>Vehicle Tax</li> <li>Entertainment Tax (Cinema hall, video hall, cultural show halls and theatres)</li> <li>Rent and tenancy tax</li> <li>Advertisement Tax</li> <li>Business enterprise tax on specified industries, trades, professions or vocations</li> <li>Commercial video tax</li> <li>Tax on commercial exploitation of natural resources</li> <li>Haat Bazaar tax</li> </ul> | <ul style="list-style-type: none"> <li>Integrated Property Tax</li> <li>Vehicle Tax</li> <li>Entertainment Tax (cinema hall, video hall, cultural show halls and theatres)</li> <li>Rental Tax on property rented</li> <li>Advertisement Tax</li> <li>Business enterprise tax on specified industry, trade, profession or vocation</li> <li>Commercial video tax</li> <li>Haat Bazaar tax</li> </ul> |
| <ul style="list-style-type: none"> <li>Non-tax revenue: interest, dividends, rent &amp; royalty, sales of goods and services, Administrative fees, penalties and fines</li> </ul>   | <ul style="list-style-type: none"> <li>Service fee on the use of guest house, library, city hall and canals, embankments and dams</li> <li>Licensing and renewal charges on rafting, boating, and tuins and fishing on rivers</li> <li>Income from sale of sand, aggregate, boulders and woods swept by river, etc.</li> </ul> | <ul style="list-style-type: none"> <li>Service Charges (sanitation, drainage/ sewerage, solid waste mgmt., etc.)</li> <li>Entrance charges (tourist places, parks, gardens, etc.)</li> <li>Approval and recommendation charges</li> <li>Licensing and Renewal fees</li> <li>Building permit fee</li> </ul>   | <ul style="list-style-type: none"> <li>Parking charges</li> <li>Other charges including the charges for the valuation of immovable properties</li> <li>Recommendation Fee Charges on building permits</li> </ul>   |

Sources: LSGA; LSGR; Budget Speech of Nepal

Historically, own source revenue (internal revenue) resources account for a small proportion of the total revenue of LBs in Nepal. In recent years, the share of OSR has been shrinking, resulting in an increased dependence of LBs on central government transfers to carry out their functions. In FY 2006/07, OSR<sup>11</sup> and fiscal transfers were around 17.5% and 60% of the total revenue respectively. In FY 2012/13, OSR decreased to 13% while the central government's grant transfers increased to 83% of the total revenue (Various LBFC reports and WB Staff estimates). LBs OSR increased by more than three times between FY 2006/07 to FY 2012/13 while grants increased by more than six times during this period. As a result, despite the increase of OSR in nominal terms, the percentage of OSR in total LB revenue has significantly declined in recent years.

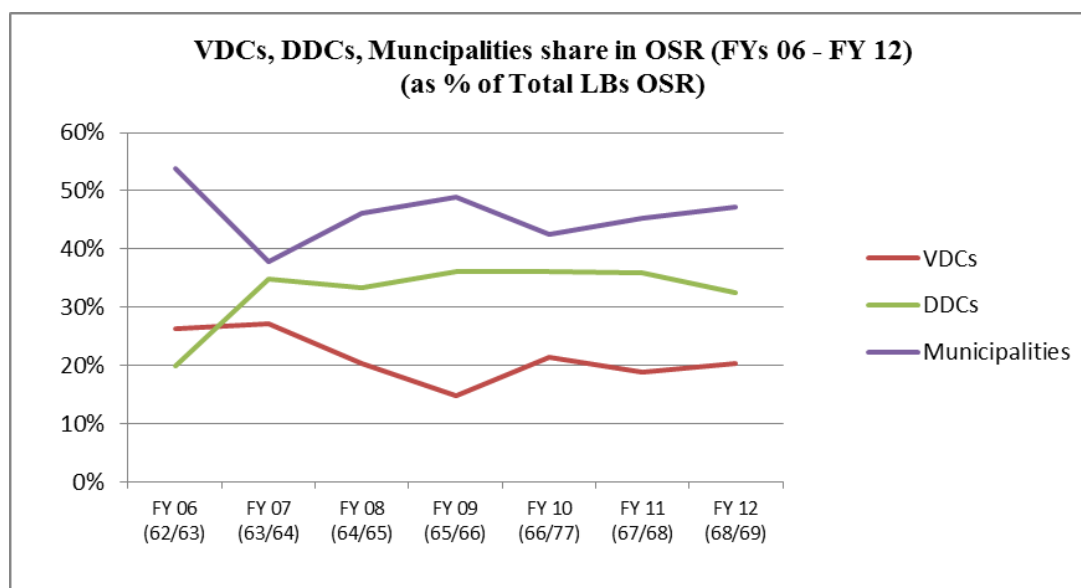
<sup>11</sup> This includes shared revenue of VDCs as disaggregated data was not available for VDCs.

Figure 2: LB own source revenue for FYs 2006-2012



Local bodies' contribution to total OSR has also been changing over the years. Up until FY 2006/07, municipalities followed by VDCs were the largest contributors to OSR, which changed starting from FY 2007/08 when DDCs took over VDCs as the second largest contributor of OSRs. As of FY 2012/13, municipalities and DDCs were the largest contributors of OSR – contributing 47% and 33% of the total OSR respectively – while VDCs' share has increased only marginally starting from FY 2010/11.

Figure 3: VDC, DDC and Municipality shares in OSR for FYs 2006-2012



OSR collection is extremely skewed among the VDCs, districts and municipalities i.e. most of the OSR are collected by a handful of VDCs, districts and municipalities.



### VDC Own Source Revenue

VDC own source revenue (including shared revenue) is a very small component in the total VDC revenue. Further, its proportion of the total revenue has been declining: from FYs 2006/7 to 2012/13, OSR (and shared revenue) has declined from 16% to 10% of the total VDC revenue. Moreover, because of considerable differences in revenue potential across VDCs in the country, this is skewed by VDCs of a few districts. Most VDCs have extremely low internal revenue generating capacity: in FY 2012/13, the VDCs of 57 districts (i.e. VDCs in 80% of the districts) collected less than 10% of their revenue from own source. For instance, in FY 2012/13, the internal revenue of VDCs in Kathmandu district amounted to NRs 179 million while the internal revenue of VDCs in Bajura district was only NRs 389,000.

Table 2: VDC OSR in comparison

| VDCs OSR % of total revenue<br>(FY 2012/13) | No. of districts |
|---|------------------|
| Less than 10%                               | 57 districts     |
| 10-20%                                      | 8 districts      |
| More than 20%                               | 10 districts     |

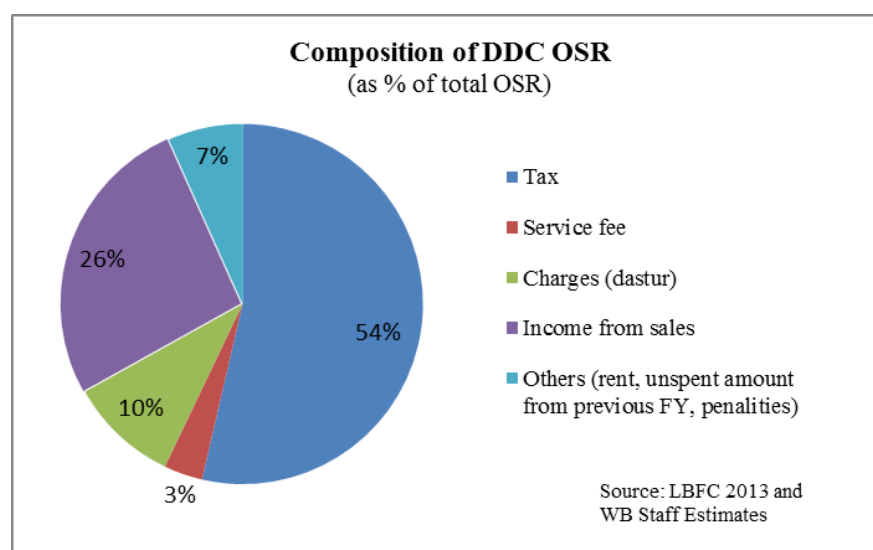
Source: LBFC, 2013

### DDC Own Source Revenue

Although the LSGA and LSGR assign few OSRs to DDCs compared to VDCs and municipalities (see table 2 above), the OSR of DDCs has increased both in nominal and comparative terms. In nominal terms, the OSR of DDCs increased five times in the FYs 2006/07 to FY 2012/13. The DDCs' share of OSR of the total LB OSR increased from 20% to 33% during this period. However, the DDCs' OSR share as a percentage of their own total revenue has not changed much and remained between 8% to 12% of the total DDC revenue between FYs 2006/07 and FY 2012/13.

Around 55% of the total DDC OSR is generated from tax, the remaining portion is generated from non-tax revenues. Income from 'sales' of sand, boulders, wood and other items (in reality a kind of tax on the transport of commercial quantities of such items) is the second largest revenue source and highest non-tax contributor to DDC budgets.

Figure 4: Composition of DDC own source revenue

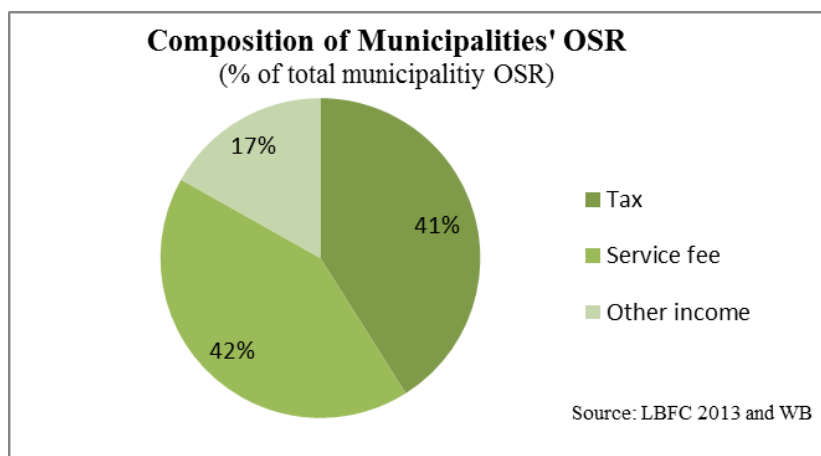


## *Municipality Own Source Revenue*

Municipalities are the largest contributor to OSR among LBs. However, OSR as a share of total municipal revenue has also been on the decline: from 33% of total municipal revenue in FY 2006/07, it declined to 18% in FY 2010/11.

Non-tax revenue contributions have been higher than tax revenue in the case of municipalities. In FY 2012/13, tax revenue was only 41% of total OSR, while the remaining share came from non-tax revenue, service fees being the largest with 42% of the total OSR.

Figure 5: Composition of Municipality own source revenue



### *LB Own Source Revenue – Some Issues*

- Low OSRs for LBs generally and the trend seems to be a further decrease.
- LBs have little discretion over determining revenue rates or base.
- There are few incentives for LBs to increase OSR and/or tax revenue. Even in the current formula for central government grants, only municipalities have direct incentives (see grants section below).
- Capacity issues are another reason for low LB tax revenue. Even when tax could be a good source of income, LBs are unable to determine the optimal tax policy. It also appears that LBs have not been sufficiently prepared for managing the revenue assignments transferred to them. As for land revenue for instance, VDCs and municipalities face difficulties in handling cadastral information, account keeping and other complex administration tasks<sup>12</sup>.
- Issues with tax administration at the local level: low tax compliance by taxpayers is further compounded by problems in enforcement and monitoring enforcement measures.
- Unclear, overlapping and ambiguous revenue assignments create confusion on responsibilities, jurisdiction and tax rates. For example, tax on rental income from house and land is under the tax authority of both, central government and LBs. The central level levies 15% tax on such rental, whereas the LSGR permits municipalities to charge 2%. The regulations do not specify whether the 2% municipal share is in fact included in the central government tax rate of 15% or if municipalities can raise their 2% on top of central governments share. Municipalities have not been able to collect any substantial revenue from this source due to this confusion<sup>13</sup>.

### **2.1) Revenue Sharing**

The LSGA 1999 (section 220) and the Local Self Governance Regulation (LSGR, 1999, rule 211) provide for vertical and horizontal revenue sharing between center and local government or among the local governments. There are several revenue sharing categories, described in the table below:

<sup>12</sup> Shrestha, 2002, page 23

<sup>13</sup> LBFC report, page 23

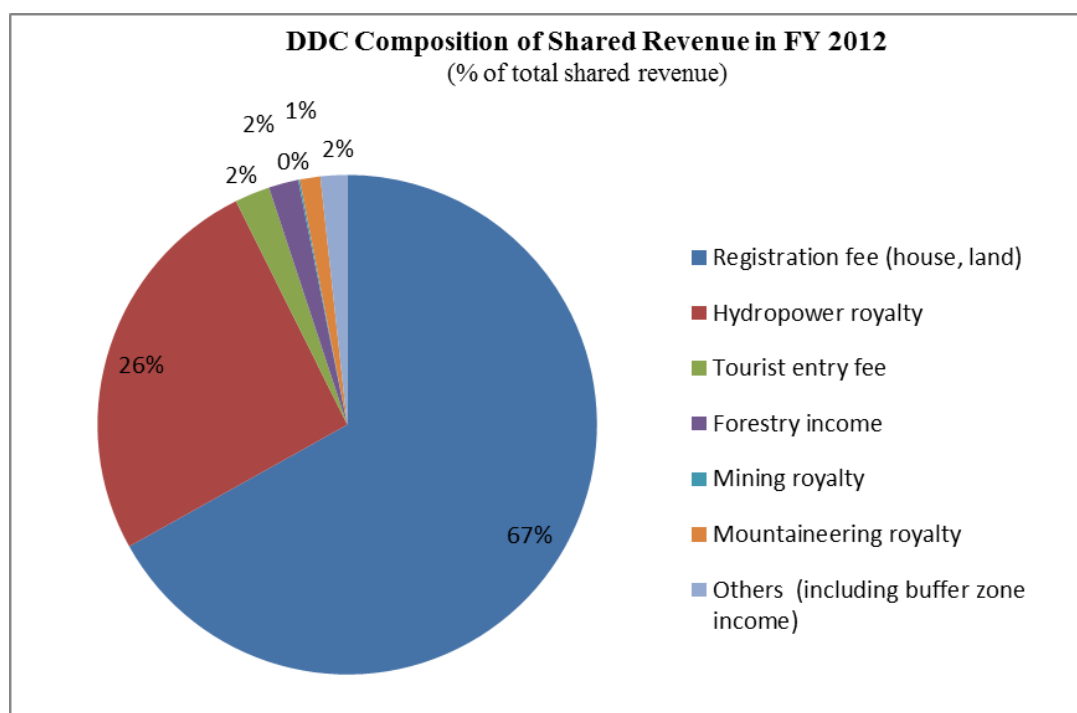
Table 3: Types of revenue sharing

| Revenue sharing from central government to DDC   | Revenue sharing from DDC to VDC   | Revenue sharing from DDC to municipality  | Revenue sharing from VDC/ municipality to DDC   | Revenue sharing between central government and VDC/municipality  |
|--|---|---|---|--|
| <ul style="list-style-type: none"> <li>House and land registration tax (shared with DDC)</li> <li>Royalties from mines (50%), forest products (10%), hydropower (50%)</li> <li>Entrance fees and royalties from tourists/trekkers visiting national parks and wild life conservation areas (30%)</li> <li>Royalties received from mountaineers and entry fees for tourists entering the DDC territory (30%)</li> </ul> | <ul style="list-style-type: none"> <li>Tax on the utilization of natural resources: 50% to be shared with VDCs</li> <li>Tax earned from the export of materials, recyclable and waste materials (35-50%)</li> <li>Income earned on the sale of sand, soil, aggregate, boulders, wood swept up by rivers (35-50%)</li> </ul> | <ul style="list-style-type: none"> <li>Tax on the utilization of natural resources: 35% to be shared with municipalities</li> <li>Tax earned from the export of materials, recyclable and waste materials (35-50%)</li> <li>Income earned on the sale of sand, soil, aggregate, boulders, wood swept up by rivers (35-50%)</li> </ul> | <ul style="list-style-type: none"> <li>Land revenue or land tax: 25% to be shared with DDC</li> </ul> | <ul style="list-style-type: none"> <li>Vehicle tax (renewal and ownership)</li> <li>Entertainment tax</li> <li>House and rent tax</li> </ul> |

#### Revenue Sharing – DDCs

DDCs share a tax base with central government for the land and registration fee, royalties from mines, forests and power generation from hydropower plants with the biggest share coming from land registration followed by hydropower royalties.

Figure 6: Composition of shared revenue for DDCs, FY 2012/13



### *Revenue Sharing - VDCs and Municipalities*

VDCs share 25% of the collected land revenue with DDCs. Municipalities receive a 'Local Development Fee' (LDF), which is supposed to be a share of the import surcharge (1.5% of the import value) from the central government. In effect it is actually a grant not tied to import surcharges. The LDF was devised in 1999, originally as temporary measure to compensate municipalities for the revenue loss as a result of the abolishment of the *octroi*. However, it has become one of the largest sources of revenue for municipalities. Its reporting has been inconsistent over the years and there is confusion over whether it is a central transfer or shared revenue.

#### *Revenue sharing issues:*

- Contradictory provisions regarding responsibilities for tax collection in the LSGA and other related regulations, for example on royalty collection for tourist entrance fees, royalties from mines, forests and power generation from hydropower plants, the house rental tax, land registration fee, land revenue and the motor vehicle tax (Pandey, 2008, p. 43) (page 20, Shrestha, 2002). This creates conflicting and unclear assignment of responsibilities between central government and LBs as well as among LBs.
- Overlaps between jurisdictions is a major problem; between DDCs and VDCs/municipalities as well as between central government and DDCs.
- Ambiguities regarding the revenue base, rate and the applicable sharing mechanism.
- Delays in transfers of shared revenues from central government.
- Revenue sharing bias towards central government in some cases: As for the registration fees shared between central government and DDCs, the DDC share is capped at 6 million NRs. The excess amount is kept by central government (Shrestha 2002, page 25)

#### *Vertical Imbalance*

Vertical imbalance is defined as 'a mismatch between expenditure functions that local governments have been assigned and their access to locally generated finances to fund activities to meet their mandates' (Bhatta, 2011, p. 3). Vertical imbalances are common since major sources of revenue are typically administered more efficiently and with less distortions at the national level and hence assigned to the central government. From the discussion on revenue assignments and expenditure mandates above, it is evident that there is high vertical imbalance for LBs in Nepal. For instance, in FY 2012/13, LB own source revenue accounted for a mere 2% of the total central government revenue. LB OSR (including shared revenue) of the total LB revenue was 17% (also FY 2012/13) and the deficit of 83% was covered by central government transfers (calculated based on LBFC 2013).

#### *Horizontal Imbalance*

Horizontal imbalance is the mismatch 'in the resource capacity of local governments; it is a function of different spatial, resource base, and other factors' (Bhatta, 2011, p. 3). LBs in Nepal face considerable differences in revenue potential and tax capacities, largely due to the diverse geographical conditions in the country. For example, there is a stark difference in the availability of natural resources, the demographic patterns and economic base, in districts in the mountain, hill and Terai regions. This greatly influences LB revenue generating capacity. Not surprisingly, tax collection rates per capita are very unequal among LBs.

There is also great variation in expenditure needs of LBs in Nepal, again due to their diversity in size, population, cost of service provision, level of economic development and accessibility. It is therefore important that central government transfers take into account these diverse conditions and differences in LB revenue generating capacity through an appropriate and well-accepted transfer formula. The various transfers currently being used in Nepal are discussed in the following section.

## Intergovernmental Transfers

Overall, intergovernmental fiscal transfers to LBs have been growing significantly in Nepal in both nominal terms and as a proportion of total revenue. In nominal terms, grants increased from NRs 5.6 billion in FY 2006/07 to more than NRs 30 billion in FY 2012/13, i.e. over five times in six years (Source: LBFC reports and WB Staff Estimates). As a proportion of total revenue, grants transferred to LBs in FY 2006/07 accounted for 60% and increased to 82% of total revenue in FY 2012/13. In comparison, OSR decreased from 17% to 12% of total revenue during the same period, although in nominal terms OSR tripled. This shows that fiscal transfers have grown substantially, particularly comparing them to OSR.

Figure 7: VDC, DDC and Municipality shares in fiscal transfers (FYs 2006/07-2012/13)

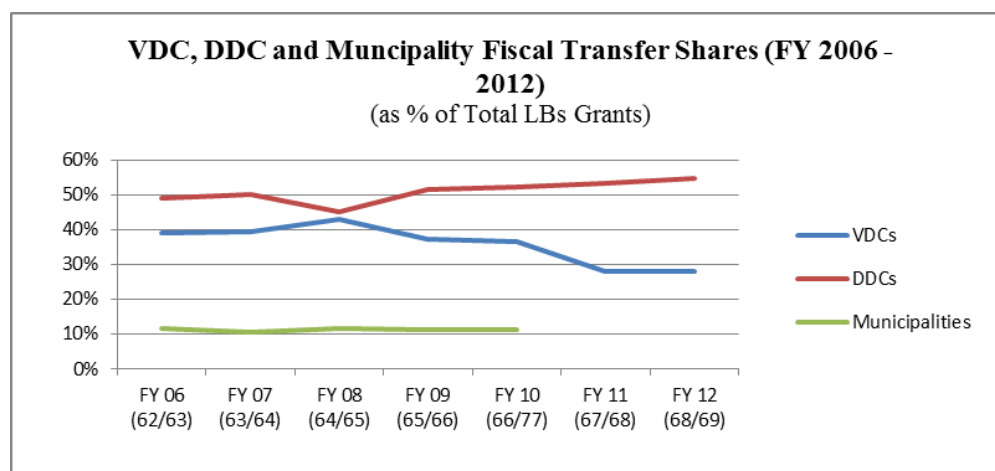
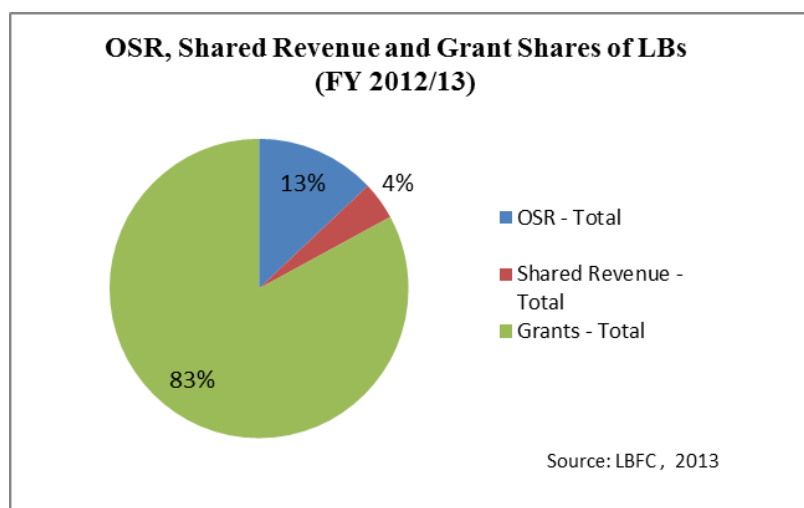


Figure 8: Proportion of OSR, shared revenue and grants of LBs (FY 2012/13)



Intergovernmental fiscal transfers in Nepal fit into two broad categories: grants and social payments.

**Social payments** (or social transfers), such as payments to senior citizens, persons with disabilities the disabled, endangered ethnicities, single women security scheme, etc., are transferred to LBs under a separate budget line (different from the one for grants).

There are two types of grants provided by central government to LBs:

- i) **Conditional grants:** recurrent and capital grants.
- ii) **Unconditional grants:** also known as block grants which can be for recurrent or capital expenditures. The unconditional capital grant has two sub-categories: the minimum block grant and a formula based block grant.

## Conditional Grants

Conditional grants are specific purpose grants, the central government specifying the purpose for which the recipient LB can use the funds. Conditional grants can be recurrent or capital and are one way to bridge the gap between revenue and expenditure and maintain fiscal equity among LBs. However, conditional grants limit the fiscal discretion of LBs and also affect their budget allocation decisions (Shrestha, 2002). Conditional grants are mostly tied to education, roads and other infrastructure spending in Nepal.

## Unconditional Grants (Block Grants)

Unconditional grants, also known as block grants in Nepal, provide largely discretionary revenue to LBs. They can be recurrent or capital. Capital block grants can be further divided into two main types:

- i) *Minimum block grants*: LBs receive an annual 'minimum block grant' for capital expenditures; VDCs receive between NRs 1.5 million and 3 million depending on criteria such as population or poverty levels, while DDCs all receive a flat amount of NRs 3 million.
- ii) *Formula and performance based block grants*: in addition to the minimum block grant, LBs are provided with additional grants; these are allocated based on a) an allocation formula and b) the performance of LBs (evaluated against a set of indicators – the minimum conditions and performance measures, or MC/PMs).

The allocation formula includes criteria which seek to take into account and equalize the considerably different conditions in LBs, such as population, area, poverty level, cost index and capacity for own source revenue generation (Local Body Fiscal Commission, 2005; Bhatta, 2011). The following criteria are used for allocating these grants:

- For DDCs: (i) population–40%, (ii) weighted poverty–25%, (iii) area–10%, and (iv) weighted cost–25%.
- For municipalities: (i) population–50%, (ii) weighted poverty–25%, (iii) area–10%, and (iv) weighted tax effort–15%.
- For VDCs: (i) population–60%, (ii) area–10%, and (iii) weighted cost–30%.

The allocation of the additional formula and performance based block grants to LBs is dependent on the fulfillment of meeting certain minimum requirements (e.g. proper financial management) and performance measures, trying to incentivize LB compliance with legal provisions and good performance. The MC/PM indicators are based on legal and financial management requirements to which LBs must adhere.

### **Box 1: Performance Based Block Grants**

In 2004 a UNCDF/DfID supported program (the Decentralized Financing and Development Program – DFDP) started piloting a performance based grants funding mechanism in 20 districts for capital development grants provided to DDCs by the program. Annual assessments of pilot districts’ performance evaluated against a set of indicators (the so-called minimum conditions and performance measures – MC/PMs) were introduced. Pilot districts had to pass certain access conditions (minimum conditions) to be eligible for the program grant. In addition, the actual size of the grant was dependent on the districts’ performance on the performance measure criteria; i.e. good performance in PM areas increased the grant share, while poor performance reduced the amount allocated.

Generally, MCs function as minimum safeguards for proper utilization of public resources and for identifying the basic absorption capacity and financial discipline. The objective of the additional criteria, the performance measures, is to provide incentives for improved performance in a number of areas that are seen as priorities (e.g. by government, donors etc.). While seeking to improve performance, MC/PM assessments, at the same time, can be a useful tool to identify capacity gaps that can be addressed specifically when performance assessments are linked up with capacity building mechanisms.

The performance based funding system in Nepal (in some variation) has been rolled out to all LBs in the last years and applies to the GoN unconditional block grants provided to LBs. DDCs and municipalities are evaluated on the basis of both, MCs and PMs. Currently, DDCs have to pass 9 and municipalities 10 MCs to be eligible for the block grant. DDC performance is assessed on 46 and municipalities’ on 40 PM indicators, determining the actual size of their respective block grant allocation. VDC performance is assessed on the basis of 7 MCs. In 2013 PM indicators (13) have also been introduced for VDCs. The MC/PM assessment process is now carried out every three years.

A total of 64 DDCs, 54 municipalities and 3,407 VDCs passed the MC criteria in the last performance evaluation carried out in FY 2012/13 (Economic Survey, 2013).

### **VDC grants**

VDCs have been receiving block grants since 1996. Over the years the amounts have been increased:

- Until FY 2006/07, VDCs each received NRs 0.5 million.
- From FY 2007/08, VDC grants were increased to NRs 1 million per VDC.
- From FY 2009/10, VDC grants have been provided based on a formula (population, VDC area, population and cost) and range from NRs 1.5 million to 3 million per VDC.

Since 2009, all 3,915 VDCs have been receiving a minimum grant amount of NRs 1.5 million each. VDCs that pass a number of basic minimum conditions (MCs) are allocated an additional grant amount. Additional grants are supposed to be used for programs that directly benefit particular target groups. In FY 2012/12, for example, 3,407 VDCs passed the MCs and were provided with additional grants (mostly from donors foreign grants) based on the indicators.

### **DDC grants**

DDCs are provided with a minimum capital grant of NRs 3 million. The allocation of the additional formula based grant is dependent on the compliance with the MC/PM indicators. There are 9 MC criteria and 46 PM criteria for DDCs currently. A total of 64 DDCs had passed the MC criteria in the last performance evaluation carried out in FY 2012/13. The allocation formula takes into account population, geographical region, area, cost and poverty criteria.

### **Issues with Grants**

*Equity:* VDCs used to receive equal amounts (in nominal terms) of transfers, despite the huge variations in their local conditions and thus needs. To address this problem, VDC grant allocations have been revised and are provided based on a formula since FY 2009/10, with grant allocations between NRs 1 - 3 million. Given the great disparity among VDCs in Nepal and the difficulties to capture and equalize this through the VDC grant allocation formula there are questions on the equity of the current distribution mechanism.

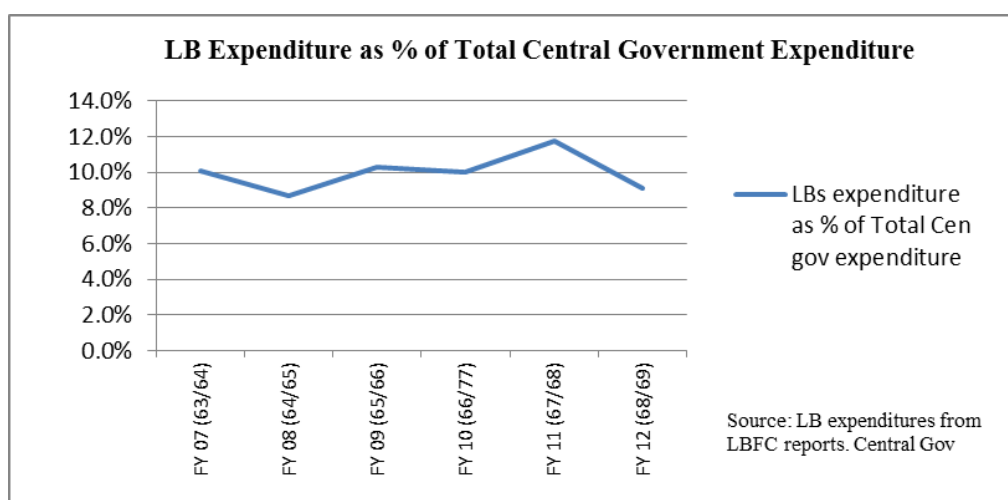
*Creating the right incentives:* Earlier, municipalities generating more than NRs 10 million OSR were not eligible for receiving a development grant, in effect creating a disincentive for municipalities to increase their OSR. This was changed with the introduction of the new transfer formula which provides incentives for better revenue collection. Incentives regarding revenue generating capacity of VDCs and DDCs have not yet been explicitly included in grant formula or MC/PMs for VDCs and DDCs.

*Late and unpredictable transfers:* Delays in fund transfers are a common issue, compromising the proper utilization of grants. There is a consistent delay in issuing authorization letters for fiscal transfers by the central government, often taking three to six months. Also, the total annual grant amount allocated to a LB is transferred in 3 separate tranches, rather than just one early on in the FY which further exacerbates the problem of delays in authorization letter issuance and grant transfers. Apart from other problems these delays in the fund flow cause, it also creates an incentive for LBs to move resources that have not been spent by the end of a FY to a ‘non-freezing’ account in order to avoid having to return unspent funds to the central treasury. This creates incentives for doubtful financial management practice, even though there may not be an intention to engage in malpractice. As other coping strategies for anticipated fund transfer delays LBs have been providing advances to user groups or contractors, or pre-financing user group activities before final project approval. The delays make it very challenging for LBs to provide efficient quality services and follow financial management rules.

### Expenditures

Overall, total LB expenditure has increased from NRs 13 billion in FY 2007/08 to NRs 31 billion in FY 2012/13<sup>14</sup>. Despite this significant increase in nominal terms, total LB expenditure as a % of total central government expenditure has remained around 10%, with a high point of 12% in FY 2011/12.

Figure 9: LB expenditure as % of total central government expenditure



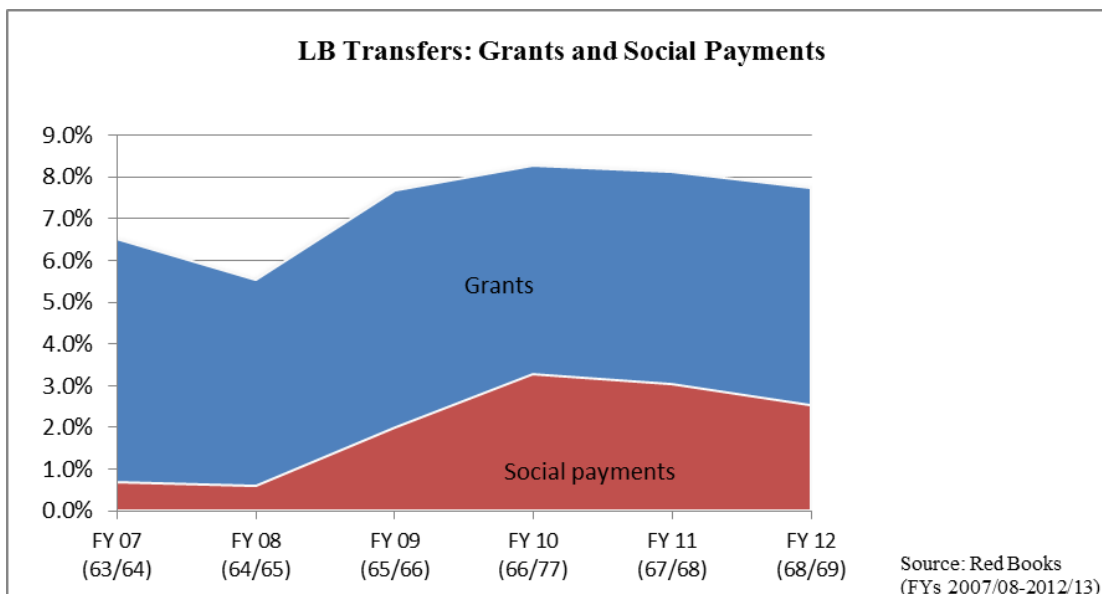
However, there have been considerable changes in expenditure patterns, particularly with regard to spending on transfers. LBs manage or execute expenditures from three major sources of revenue: OSR, shared revenue and fiscal transfers. Fiscal transfers are further divided into grants and social payments.

LB expenditure on transfers has increased from 7.2% in FY 2007/08 to 10.3% of total central government expenditure in FY 2012/13. While grants to LBs have increased by three times during that period, social payments have increased by eight times. As a percentage of total central government expenditure, social payments have increased from 0.7% to 2.5%, and grants from 6.5% to 7.7%.

<sup>14</sup> Source: LBFC

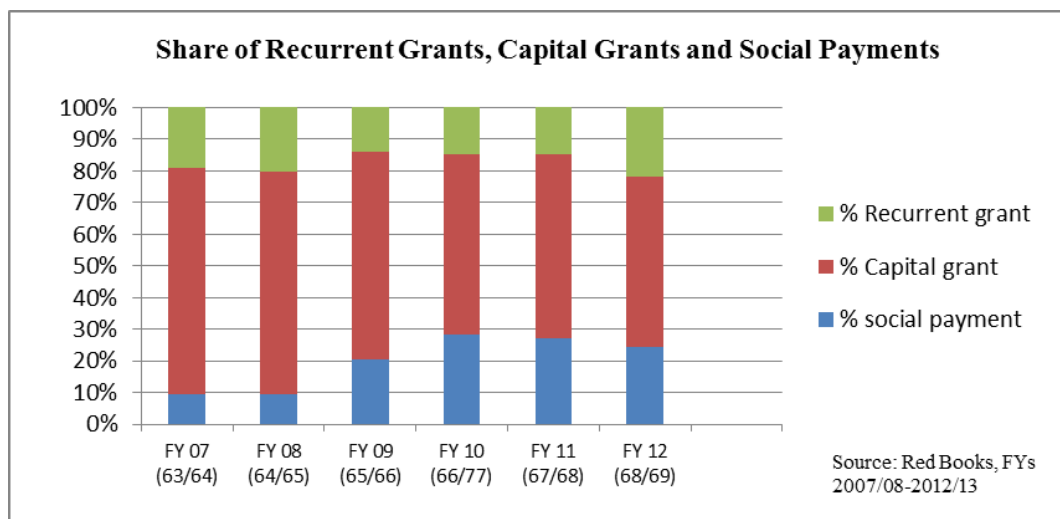


Figure 10: LB transfers: grants and social payments



Within the grants system, there have been major shifts with regard to recurrent and capital expenditures, indicating a worrisome trend. In FY 2007/08, capital expenditure accounted for 80% of total LB grants. This has dropped to 67% in FY 2012/13. This figure does not include social payments. Social payments are effectively handouts and can also be considered as recurrent expenditure. Including social payments in the above calculation, LB capital expenditure accounted for 71% (instead of 80%) of total LB grant expenditure in FY 2007/08, dropping to 53% in FY 2012/13.

Figure 11: Share of recurrent grants, capital grants and social payments



Social payments have increased by 9 times in 5 years – from NRs 0.9 billion in FY 2006/07 to 8.5 billion in FY 2011/12 in nominal terms. Accounting for only about 7% of total LB expenditure in FY 2007/08, social payments have now become almost one third of the total LB expenditure.

As for recurrent expenditures – on average, recurrent expenditures for municipalities have been around 25% between FYs 2007/08 - 2010/11. Looking closer at individual municipalities though, some show very high recurrent expenditure figures and there are huge variations across municipalities. For example, the average recurrent expenditure of Nepalgunj municipality was 51% between FYs 2007/08 - 2010/11, so much higher than the municipality average of 25%. 51% of the total recurrent

expenditure is incurred by only seven municipalities and the other 49% by the remaining 51 municipalities.

Regarding municipal capital expenditure – 36% of the total capital expenditure was incurred by five municipalities alone (Kathmandu, Lalitpur, Birjung, Biratnagar and Pokhara) on average between FYs 2007/08 - FY 2010/11.

Unconditional and conditional grants have seen less of a change in the last few years. In FY 2012/13, unconditional grants accounted for 53% and conditional grants for 46% of total LB grants. In FY 2007/08 this was at 57% for unconditional and 43% for conditional grants.

The two charts below illustrate these changes in fiscal transfer compositions. It can be seen, that in FY 2012/13 unconditional grants to LBs constituted about 40% and conditional grants and social payments combined (earmarked grants) about 60% of total LB fiscal transfers.

Figure 12: Share of unconditional, conditional and social payments to LBs (FY 2012)

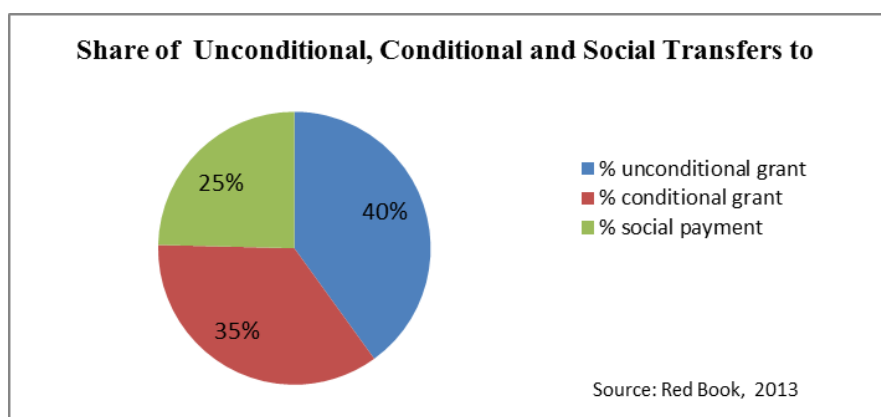
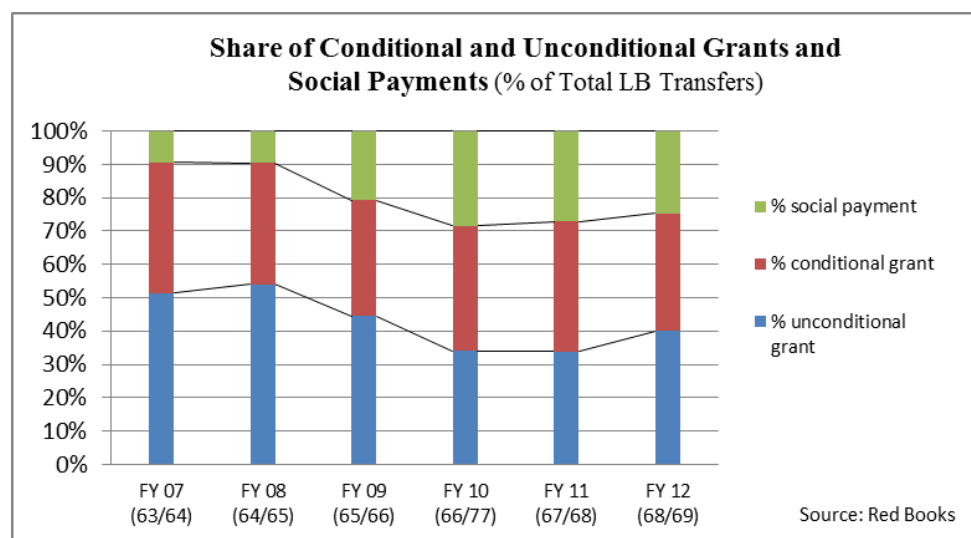
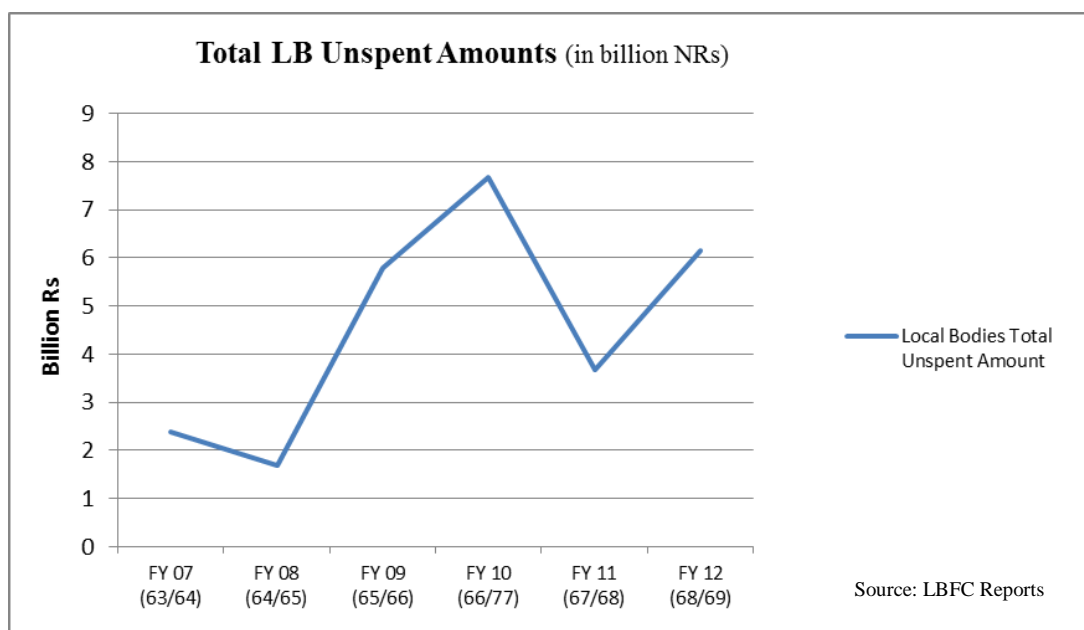


Figure 13: Share of conditional and unconditional grants and social payments



Another trend that can be observed in LB expenditure patterns is the occurrence of unspent funds. LBs are usually unable to spend the full amount of allocated grants or OSR by the end of the FY. This has been a recurring problem and has not seen any improvement over the years – on the contrary: in FY 2002/03, unspent funds of all LBs amounted to about NRs 2 billion, increasing to NRs 6 billion by FY 2012/13. DDCs account for the largest portion of these unspent resources, followed by VDCs and municipalities.

Figure 14: Total LB unspent amounts



There are several reasons for this trend. One is the low absorption capacity of LBs. Another is that transfers from the central government the late and unpredictable fund transfers from central government. As explained above, there are consistent delays in transferring funds to LBs. Funds usually take three to six months to reach LBs and the last tranche of the allocated amount is often received only a few months, or even weeks, before the end of the FY. There even have been instances of funds reaching only in the last week of the FY, creating considerable difficulties for LBs to spend these before the end of the FY.

Of all LBs, VDCs are most reliant on grants. On average, more than 90% of VDC expenditure is covered by central government transfers, meaning only 10% of total VDC expenditures are covered by OSR. For VDCs in the mountain region this figure is with just 4% even lower, while it is more than 13% in the Terai region.

## ANNEX 5: EXCERPTS OF SURVEY RESULTS IN DHANKUTA AND DHANUSA DISTRICTS

### Background and Scope of Work

The survey carried out by ‘Solutions’ (a survey firm) collected quantitative and qualitative data about the service delivery outcomes in Dhankuta and Dhanusa districts. It was conducted in 5 VDCs and one municipality in 2 districts pre-selected by the World Bank. The households were regarded as the basic sampling unit. The below table lists the VDCs and municipalities that were covered by the survey, along with their total population as well as the total number of households in that area and the sample size proposed for each of the areas. The fieldwork entailed a questionnaire based survey to collect data and information with respect to service outcomes in the education and roads sectors. The survey was undertaken in a single round in March-April 2014.

**Table 3: Dhankuta (Hill) – list of selected VDCs/Municipality**

| SN           | VDC                   | Total Population | Household Population* | Proposed Sample Size (Households) |
|--------------|-----------------------|------------------|-----------------------|-----------------------------------|
| 1            | Bhirkawon             | 4,581            | 975                   | 250                               |
| 2            | Hattikharka           | 5,542            | 1,132                 | 250                               |
| 3            | Pakhrivas             | 3,221            | 1,136                 | 250                               |
| 4            | Rajarani              | 2,890            | 6,47                  | 250                               |
| 5            | Bhedatar              | 2,789            | 6,82                  | 250                               |
| 6            | Dhankuta Municipality | 19,920           | 7,204                 | 350                               |
| <b>TOTAL</b> |                       |                  |                       | <b>1,600</b>                      |

**Table 2: Dhanusa (Terai/Plain) – list of selected VDCs/Municipality**

| SN           | VDC                   | Total Population | Household Population* | Proposed Sample Size (Households) |
|--------------|-----------------------|------------------|-----------------------|-----------------------------------|
| 1            | Lalbotali             | 5,106            | 908                   | 250                               |
| 2            | Sapahi                | 9,017            | 1,512                 | 250                               |
| 3            | Umaprempur            | 11,854           | 2,174                 | 250                               |
| 4            | Lohana                | 6,927            | 1,182                 | 250                               |
| 5            | Basbitti              | 2,948            | 536                   | 250                               |
| 6            | Janakpur Municipality | 97,776           | 19,183                | 350                               |
| <b>TOTAL</b> |                       |                  |                       | <b>1,600</b>                      |

*Source: VDC Profile 2012*

### Respondent Selection Process

Each of the VDCs was divided into 4-10 segments, depending on the settlement pattern and spread within, with households in each segment. The field team then chose segments using a random number table. The index houses for interview within the chosen segment were identified using the ‘spin the bottle’ method. The field team then walked in the direction that the bottle pointed to, counting houses within 20 meters on either side of their path until they reached the edge of the cluster and randomly chose (with help of a random number table) a number ‘x’ between 1 and the total number of houses counted to identify the index house for interview. After locating the household, the interviewers then selected every 3rd house to their left.

In each selected household, an adult member with a recent birthday and 18 years and above was interviewed. Only one eligible respondent per household was chosen for the questionnaire assuming that local service delivery within a household is similar even if there were more than one eligible respondent in the same household.

### Sample Distribution

The table below illustrates the achieved sample and its distribution for the purpose of the survey.

**Table 3: Sample Distribution**

| Total |      |       | Dhankuta |      |       | Dhanusa |      |       |
|-------|------|-------|----------|------|-------|---------|------|-------|
| Total | VDC  | Muni. | Total    | VDC  | Muni. | Total   | VDC  | Muni. |
| 3200  | 2500 | 700   | 1600     | 1250 | 350   | 1600    | 1250 | 350   |

### General Profile of the Respondents

Of the respondents interviewed, a majority of them (42.2%) were between the age of 30-39 years followed by around one forth who were between the age of 40-49 years. Although the overall proportion of male and female respondents were almost equal, the majority respondents from the municipalities were females. However, at the VDC level, the proportion of male respondents was observed to be the highest (90%) in Labatoli VDC of Dhanusa district. Among the total respondents interviewed more than 95% of them were married and most of them were Hindu (83.5%). It was observed that the ethnic/caste composition of the two districts was different. Across the two districts, most of the respondents from Dhankuta were adibasi/janajatis whereas the proportion of the same was minimal in Dhanusa district. It was observed that the majority of respondents from Dhanusa belonged to the Dalit or disadvantaged community. Dhankuta was seen to be more homogenous in terms of ethnic/caste groups, with the exception of Bhirgaun VDC. In comparison to Dhankuta, Dhanusa was found to be more diverse in terms of ethnic group composition.

**Table 4: Age Range**

|              | Total   |          |         | Dhankuta |          |         | Dhanusa  |          |         |
|--------------|---------|----------|---------|----------|----------|---------|----------|----------|---------|
|              | Total   | VDC      | Muni.   | Total    | VDC      | Muni.   | Total    | VDC      | Muni.   |
|              | N= 3200 | N = 2500 | N = 700 | N = 1600 | N = 1250 | N = 350 | N = 1600 | N = 1250 | N = 350 |
| 18 to 19     | 1.2%    | 1.3%     | .7%     | 1.4%     | 1.6%     | .9%     | .9%      | 1.0%     | .6%     |
| 20 to 29     | 17.7%   | 17.0%    | 20.4%   | 17.4%    | 17.8%    | 16.0%   | 18.1%    | 16.2%    | 24.9%   |
| 30 to 39     | 42.2%   | 40.7%    | 47.4%   | 37.8%    | 34.2%    | 50.9%   | 46.5%    | 47.2%    | 44.0%   |
| 40 to 49     | 24.5%   | 24.7%    | 23.9%   | 25.3%    | 25.5%    | 24.3%   | 23.8%    | 23.9%    | 23.4%   |
| 50 to 59     | 9.0%    | 10.0%    | 5.3%    | 11.6%    | 13.4%    | 5.1%    | 6.4%     | 6.6%     | 5.4%    |
| 60 to 69     | 3.9%    | 4.4%     | 2.1%    | 4.4%     | 5.0%     | 2.6%    | 3.4%     | 3.8%     | 1.7%    |
| 70 and above | 1.5%    | 1.9%     | .1%     | 2.1%     | 2.6%     | .3%     | 1.0%     | 1.3%     | 0.0%    |
| Total        | 100.0%  | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  |

**Table 5: Gender**

|        | Total   |          |         | Dhankuta |          |         | Dhanusa  |          |         |
|--------|---------|----------|---------|----------|----------|---------|----------|----------|---------|
|        | Total   | VDC      | Muni.   | Total    | VDC      | Muni.   | Total    | VDC      | Muni.   |
|        | N= 3200 | N = 2500 | N = 700 | N = 1600 | N = 1250 | N = 350 | N = 1600 | N = 1250 | N = 350 |
| Male   | 50.4%   | 55.1%    | 33.7%   | 43.9%    | 46.6%    | 34.6%   | 56.9%    | 63.6%    | 32.9%   |
| Female | 49.6%   | 44.9%    | 66.3%   | 56.1%    | 53.4%    | 65.4%   | 43.1%    | 36.4%    | 67.1%   |
| Total  | 100.0%  | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  |

**Table 6: Marital Status**

|           | Total  |        |        | Dhankuta |        |        | Dhanusa |        |        |
|-----------|--------|--------|--------|----------|--------|--------|---------|--------|--------|
|           | Total  | VDC    | Muni.  | Total    | VDC    | Muni.  | Total   | VDC    | Muni.  |
|           | N=3200 | N=2500 | N=700  | N=1600   | N=1250 | N=350  | N=1600  | N=1250 | N=350  |
| Married   | 95.6%  | 95.5%  | 95.7%  | 94.4%    | 93.8%  | 96.6%  | 96.8%   | 97.3%  | 94.9%  |
| Unmarried | 2.6%   | 2.7%   | 2.1%   | 3.6%     | 4.0%   | 2.3%   | 1.6%    | 1.4%   | 2.0%   |
| Divorced  | .1%    | .1%    | 0.0%   | .1%      | .2%    | 0.0%   | 0.0%    | 0.0%   | 0.0%   |
| Widow     | 1.8%   | 1.7%   | 2.1%   | 1.9%     | 2.1%   | 1.1%   | 1.7%    | 1.3%   | 3.1%   |
| Total     | 100.0% | 100.0% | 100.0% | 100.0%   | 100.0% | 100.0% | 100.0%  | 100.0% | 100.0% |

**Table 7: Religion**

|                           | Total  |        |        | Dhankuta |        |        | Dhanusa |        |        |
|---------------------------|--------|--------|--------|----------|--------|--------|---------|--------|--------|
|                           | Total  | VDC    | Muni.  | Total    | VDC    | Muni.  | Total   | VDC    | Muni.  |
|                           | N=3200 | N=2500 | N=700  | N=1600   | N=1250 | N=350  | N=1600  | N=1250 | N=350  |
| Hindu                     | 83.5%  | 82.7%  | 86.4%  | 72.8%    | 71.6%  | 76.9%  | 94.3%   | 93.8%  | 96.0%  |
| Bouddha                   | 5.4%   | 5.5%   | 5.1%   | 10.8%    | 11.0%  | 10.3%  | 0.0%    | 0.0%   | 0.0%   |
| Islam                     | 2.9%   | 3.2%   | 2.1%   | .2%      | .2%    | .3%    | 5.7%    | 6.2%   | 4.0%   |
| Kirat                     | 5.9%   | 6.2%   | 4.7%   | 11.8%    | 12.5%  | 9.4%   | 0.0%    | 0.0%   | 0.0%   |
| Christian                 | 1.8%   | 2.0%   | 1.4%   | 3.7%     | 3.9%   | 2.9%   | 0.0%    | 0.0%   | 0.0%   |
| Don't follow any religion | .3%    | .3%    | .1%    | .5%      | .6%    | .3%    | 0.0%    | 0.0%   | 0.0%   |
| Don't know                | .1%    | .2%    | 0.0%   | .3%      | .3%    | 0.0%   | 0.0%    | 0.0%   | 0.0%   |
| Total                     | 100.0% | 100.0% | 100.0% | 100.0%   | 100.0% | 100.0% | 100.0%  | 100.0% | 100.0% |

**Table 8: Social Group**

|                      | Total  |        |        | Dhankuta |        |        | Dhanusa |        |        |
|----------------------|--------|--------|--------|----------|--------|--------|---------|--------|--------|
|                      | Total  | VDC    | Muni.  | Total    | VDC    | Muni.  | Total   | VDC    | Muni.  |
|                      | N=3200 | N=2500 | N=700  | N=1600   | N=1250 | N=350  | N=1600  | N=1250 | N=350  |
| Dalit                | 24.7%  | 25.3%  | 22.4%  | 4.8%     | 3.8%   | 8.0%   | 44.6%   | 46.8%  | 36.9%  |
| Adhibasi/Janajati    | 33.9%  | 34.5%  | 31.6%  | 66.1%    | 68.2%  | 58.6%  | 1.7%    | .9%    | 4.6%   |
| Madhesis             | 10.3%  | 11.0%  | 7.6%   | .6%      | .4%    | 1.4%   | 19.9%   | 21.6%  | 13.7%  |
| Religious Minorities | 2.8%   | 3.1%   | 1.7%   | .1%      | .1%    | 0.0%   | 5.6%    | 6.2%   | 3.4%   |
| Others               | 28.4%  | 26.0%  | 36.7%  | 28.5%    | 27.5%  | 32.0%  | 28.3%   | 24.6%  | 41.4%  |
| Total                | 100.0% | 100.0% | 100.0% | 100.0%   | 100.0% | 100.0% | 100.0%  | 100.0% | 100.0% |

**Table 9: Average Number of Household Members**

|                                      | Total |      |       | Dhankuta |      |       | Dhanusa |      |       |
|--------------------------------------|-------|------|-------|----------|------|-------|---------|------|-------|
| MEAN                                 | Total | VDC  | Muni. | Total    | VDC  | Muni. | Total   | VDC  | Muni. |
| Number of Households Members: Male   | 3.01  | 3.04 | 2.91  | 2.67     | 2.72 | 2.47  | 3.35    | 3.35 | 3.36  |
| Number of Households Members: Female | 2.87  | 2.85 | 2.92  | 2.74     | 2.79 | 2.54  | 3.00    | 2.92 | 3.30  |
| Number of Households Members: Total  | 5.88  | 5.89 | 5.84  | 5.40     | 5.51 | 5.01  | 6.36    | 6.27 | 6.66  |

**Table 10: Occupation of the Respondents**

|               | Total  |        |        | Dhankuta |        |        | Dhanusa |        |        |
|---------------|--------|--------|--------|----------|--------|--------|---------|--------|--------|
|               | Total  | VDC    | Muni.  | Total    | VDC    | Muni.  | Total   | VDC    | Muni.  |
|               | N=3200 | N=2500 | N=700  | N=1600   | N=1250 | N=350  | N=1600  | N=1250 | N=350  |
| Working       | 11.1%  | 10.8%  | 12.3%  | 9.8%     | 9.0%   | 12.6%  | 12.5%   | 12.6%  | 12.0%  |
| Self-employed | 43.4%  | 44.4%  | 39.6%  | 62.5%    | 64.2%  | 56.6%  | 24.3%   | 24.7%  | 22.6%  |
| Unemployed    | 12.4%  | 15.2%  | 2.1%   | 2.1%     | 2.3%   | 1.4%   | 22.6%   | 28.2%  | 2.9%   |
| Retired       | .9%    | .9%    | .9%    | .8%      | .6%    | 1.1%   | 1.0%    | 1.1%   | .6%    |
| Student       | 1.0%   | .9%    | 1.4%   | 1.2%     | .9%    | 2.3%   | .9%     | 1.0%   | .6%    |
| Housewife     | 31.2%  | 27.7%  | 43.7%  | 23.7%    | 23.0%  | 26.0%  | 38.8%   | 32.4%  | 61.4%  |
| Total         | 100.0% | 100.0% | 100.0% | 100.0%   | 100.0% | 100.0% | 100.0%  | 100.0% | 100.0% |

**Table 11: Main Source of Family Income**

|                              | Total  |        |        | Dhankuta |        |        | Dhanusa |        |        |
|------------------------------|--------|--------|--------|----------|--------|--------|---------|--------|--------|
|                              | Total  | VDC    | Muni.  | Total    | VDC    | Muni.  | Total   | VDC    | Muni.  |
|                              | N=3200 | N=2500 | N=700  | N=1600   | N=1250 | N=350  | N=1600  | N=1250 | N=350  |
| Agriculture                  | 37.2%  | 42.8%  | 17.0%  | 41.3%    | 47.9%  | 17.7%  | 33.0%   | 37.7%  | 16.3%  |
| Livestock                    | 2.4%   | 3.0%   | .3%    | 3.8%     | 4.7%   | .3%    | 1.1%    | 1.4%   | .3%    |
| Job                          | 11.0%  | 8.8%   | 18.9%  | 9.2%     | 7.1%   | 16.6%  | 12.9%   | 10.6%  | 21.1%  |
| Business                     | 16.6%  | 12.2%  | 32.1%  | 16.8%    | 8.9%   | 44.9%  | 16.4%   | 15.5%  | 19.4%  |
| Remittance                   | 24.8%  | 26.0%  | 20.3%  | 23.6%    | 26.6%  | 12.9%  | 25.9%   | 25.4%  | 27.7%  |
| Pension                      | 1.0%   | .9%    | 1.3%   | 1.8%     | 1.6%   | 2.3%   | .2%     | .2%    | .3%    |
| Other non-farming activities | 7.1%   | 6.2%   | 10.1%  | 3.6%     | 3.1%   | 5.4%   | 10.6%   | 9.4%   | 14.9%  |
| Total                        | 100.0% | 100.0% | 100.0% | 100.0%   | 100.0% | 100.0% | 100.0%  | 100.0% | 100.0% |

**Table 42: Total Monthly Household Income**

|                         | Total  |        |        | Dhankuta |        |        | Dhanusa |        |        |
|-------------------------|--------|--------|--------|----------|--------|--------|---------|--------|--------|
|                         | Total  | VDC    | Muni.  | Total    | VDC    | Mun    | Total   | VDC    | Mun    |
|                         | N=3200 | N=2500 | N=700  | N=1600   | N=1250 | N=350  | N=1600  | N=1250 | N=350  |
| NRs.5,000 or less       | 16.9%  | 19.1%  | 8.9%   | 12.6%    | 15.3%  | 2.9%   | 21.2%   | 23.0%  | 14.9%  |
| NRs.5,001 - NRs.10,000  | 26.9%  | 29.2%  | 18.7%  | 29.8%    | 35.2%  | 10.6%  | 24.0%   | 23.2%  | 26.9%  |
| NRs.10,001 - NRs.15,000 | 23.6%  | 22.6%  | 27.0%  | 20.4%    | 21.5%  | 16.6%  | 26.7%   | 23.7%  | 37.4%  |
| NRs.15,001 - NRs.20,000 | 17.9%  | 16.0%  | 24.6%  | 18.2%    | 14.9%  | 30.0%  | 17.6%   | 17.1%  | 19.1%  |
| More than NRs.20,001    | 14.8%  | 13.1%  | 20.9%  | 19.0%    | 13.1%  | 40.0%  | 10.6%   | 13.0%  | 1.7%   |
| Total                   | 100.0% | 100.0% | 100.0% | 100.0%   | 100.0% | 100.0% | 100.0%  | 100.0% | 100.0% |

**Table 53: QUESTION: For how many years have you been living in this place?**

|                       | Total |      |       | Dhankuta |      |       | Dhanusa |      |       |
|-----------------------|-------|------|-------|----------|------|-------|---------|------|-------|
| Mean                  | Total | VDC  | Muni. | Total    | VDC  | Muni. | Total   | VDC  | Muni. |
| Total Number of Years | 26.1  | 28.3 | 18.3  | 23.2     | 25.8 | 13.8  | 29.0    | 30.8 | 22.7  |

**Table 64: QUESTION: Could you please mention whether you own the house that you are living in?**

|       | Total   |          |         | Dhankuta |          |         | Dhanusa  |          |         |
|-------|---------|----------|---------|----------|----------|---------|----------|----------|---------|
|       | Total   | VDC      | Muni.   | Total    | VDC      | Muni.   | Total    | VDC      | Muni.   |
|       | N= 3200 | N = 2500 | N = 700 | N = 1600 | N = 1250 | N = 350 | N = 1600 | N = 1250 | N = 350 |
| Yes   | 93.7%   | 97.4%    | 80.6%   | 87.9%    | 95.0%    | 62.3%   | 99.5%    | 99.7%    | 98.9%   |
| No    | 6.3%    | 2.6%     | 19.4%   | 12.1%    | 5.0%     | 37.7%   | .5%      | .3%      | 1.1%    |
| Total | 100.0%  | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  |

**Table 75: QUESTION: Could you please mention whether you own land (agricultural and non-agricultural)**

|       | Total   |          |         | Dhankuta |          |         | Dhanusa  |          |         |
|-------|---------|----------|---------|----------|----------|---------|----------|----------|---------|
|       | Total   | VDC      | Muni.   | Total    | VDC      | Muni.   | Total    | VDC      | Muni.   |
|       | N= 3200 | N = 2500 | N = 700 | N = 1600 | N = 1250 | N = 350 | N = 1600 | N = 1250 | N = 350 |
| Yes   | 91.2%   | 93.9%    | 81.4%   | 94.6%    | 95.2%    | 92.3%   | 87.8%    | 92.6%    | 70.6%   |
| No    | 8.8%    | 6.1%     | 18.6%   | 5.4%     | 4.8%     | 7.7%    | 12.3%    | 7.4%     | 29.4%   |
| Total | 100.0%  | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  |

**Table 86: QUESTION: Could you please mention the number of floors in your house?**

|       | Total   |          |         | Dhankuta |          |         | Dhanusa |          |         |
|-------|---------|----------|---------|----------|----------|---------|---------|----------|---------|
|       | Total   | VDC      | Muni.   | Total    | VDC      | Muni.   | Total   | VDC      | Muni.   |
|       | N= 3200 | N = 2500 | N = 700 | N= 3200  | N = 2500 | N = 700 | N= 3200 | N = 2500 | N = 700 |
| 1.0   | 60.9%   | 60.0%    | 64.1%   | 25.8%    | 23.6%    | 33.4%   | 96.1%   | 96.5%    | 94.9%   |
| 2.0   | 27.6%   | 28.8%    | 23.3%   | 51.4%    | 54.1%    | 41.7%   | 3.8%    | 3.4%     | 4.9%    |
| 3.0   | 10.7%   | 10.9%    | 10.1%   | 21.3%    | 21.7%    | 20.0%   | .1%     | .1%      | .3%     |
| 4.0   | .5%     | .2%      | 1.6%    | 1.1%     | .5%      | 3.1%    | 0.0%    | 0.0%     | 0.0%    |
| 5.0   | .2%     | .1%      | .7%     | .4%      | .2%      | 1.4%    | 0.0%    | 0.0%     | 0.0%    |
| 6.0   | .0%     | 0.0%     | .1%     | .1%      | 0.0%     | .3%     | 0.0%    | 0.0%     | 0.0%    |
| Total | 100.0%  | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  | 100.0%  | 100.0%   | 100.0%  |

**Table 97: QUESTION: What type of toilet facility are you using in your household?**

|                                    | Total   |          |         | Dhankuta |          |         | Dhanusa |          |         |
|------------------------------------|---------|----------|---------|----------|----------|---------|---------|----------|---------|
|                                    | Total   | VDC      | Muni.   | Total    | VDC      | Muni.   | Total   | VDC      | Muni.   |
|                                    | N= 3200 | N = 2500 | N = 700 | N= 3200  | N = 2500 | N = 700 | N= 3200 | N = 2500 | N = 700 |
| Flush toilet (public sewerage)     | 1.4%    | 1.8%     | .3%     | .9%      | 1.0%     | .6%     | 1.9%    | 2.5%     | 0.0%    |
| Flush toilet (septic tank)         | 38.8%   | 33.2%    | 58.7%   | 44.3%    | 36.1%    | 73.7%   | 33.2%   | 30.2%    | 43.7%   |
| Ordinary toilet (conventional pit) | 34.6%   | 39.2%    | 18.1%   | 52.1%    | 59.8%    | 24.3%   | 17.1%   | 18.5%    | 12.0%   |
| No toilet                          | 25.3%   | 25.9%    | 22.9%   | 2.7%     | 3.0%     | 1.4%    | 47.8%   | 48.8%    | 44.3%   |
| Total                              | 100.0%  | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  | 100.0%  | 100.0%   | 100.0%  |

### Perceptions of Education Outputs and Outcomes

One of the objectives of the survey was to assess the condition of local service delivery in different VDCs and the municipality of the two districts in terms of the quality of schools and education in general. Hence the respondents were first asked if they had any school age children or children enrolled from class 1 to 10 in their households. The enrollment rate was observed to be high in both



the rural and urban areas with over 95% of the households mentioning that they had children going to school. It was observed that 5% of the households had only some or none of their children going to school for which the most common reason stated was that the kids did not show interest in going to school. The other reasons stated for non-attendance are listed in Table 19.1. At the VDC/municipality level, it was seen that the non-enrollment rates were relatively more significant in Basbitti, Lohana and Sapahi VDCs of Dhanusa. It was observed that many children in these VDCs from a Muslim background attend Madrassas (religious schools) which have not been legally authorized by the government and haven't been considered as schools in this survey.

**Table 108: School going children in the household**

|  | Total   |          |         | Dhankuta |          |         | Dhanusa  |          |         |
|--|---------|----------|---------|----------|----------|---------|----------|----------|---------|
|  | Total   | VDC      | Muni.   | Total    | VDC      | Muni.   | Total    | VDC      | Muni.   |
|  | N= 3200 | N = 2500 | N = 700 | N = 1600 | N = 1250 | N = 350 | N = 1600 | N = 1250 | N = 350 |
| All going                                  | 92.0%   | 92.0%    | 92.3%   | 95.1%    | 94.2%    | 98.6%   | 88.9%    | 89.8%    | 86.0%   |
| Some going / some not going                | 3.2%    | 2.8%     | 4.9%    | 1.1%     | 1.3%     | .6%     | 5.3%     | 4.2%     | 9.1%    |
| All not going                              | 1.8%    | 1.9%     | 1.6%    | .8%      | .9%      | .6%     | 2.9%     | 3.0%     | 2.6%    |
| No children going to school: class 1 to 10 | 2.9%    | 3.4%     | 1.3%    | 2.9%     | 3.7%     | .3%     | 2.9%     | 3.0%     | 2.3%    |
| Total                                      | 100.0%  | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  |

**Table 18.1: QUESTION: Why don't all of the children attend School? State reasons**

|   | Total   |         |        | Dhankuta |        |       | Dhanusa |        |        |
|---|---------|---------|--------|----------|--------|-------|---------|--------|--------|
|   | Total   | VDC     | Muni.  | Total    | VDC    | Muni. | Total   | VDC    | Muni.  |
|   | N = 162 | N = 117 | N = 45 | N = 31   | N = 27 | N = 4 | N = 131 | N = 90 | N = 41 |
| The school is located far   | .6%     | 0.0%    | 2.2%   | 0.0%     | 0.0%   | 0.0%  | .8%     | 0.0%   | 2.4%   |
| The kid didn't show any interest in going school                        | 43.8%   | 40.2%   | 53.3%  | 25.8%    | 25.9%  | 25.0% | 48.1%   | 44.4%  | 56.1%  |
| The education is not job oriented                                       | 1.2%    | 1.7%    | 0.0%   | 0.0%     | 0.0%   | 0.0%  | 1.5%    | 2.2%   | 0.0%   |
| The child left school for marrying                                      | 1.9%    | .9%     | 4.4%   | 0.0%     | 0.0%   | 0.0%  | 2.3%    | 1.1%   | 4.9%   |
| The child is still small to attend school                               | 8.0%    | 7.7%    | 8.9%   | 3.2%     | 0.0%   | 25.0% | 9.2%    | 10.0%  | 7.3%   |
| The child is planning to go abroad for studies                          | 1.2%    | 1.7%    | 0.0%   | 0.0%     | 0.0%   | 0.0%  | 1.5%    | 2.2%   | 0.0%   |
| Due to poor health condition of child                                   | 5.6%    | 6.8%    | 2.2%   | 16.1%    | 18.5%  | 0.0%  | 3.1%    | 3.3%   | 2.4%   |
| We need the child to carry out other works (household, business etc.)   | 4.9%    | 4.3%    | 6.7%   | 3.2%     | 3.7%   | 0.0%  | 5.3%    | 4.4%   | 7.3%   |
| The child failed in exam so he left school                              | 1.9%    | 2.6%    | 0.0%   | 9.7%     | 11.1%  | 0.0%  | 0.0%    | 0.0%   | 0.0%   |
| Due to lack of legal documents (citizenship, birth certificate)         | 4.3%    | 2.6%    | 8.9%   | 0.0%     | 0.0%   | 0.0%  | 5.3%    | 3.3%   | 9.8%   |
| Due to religious reason   | 2.5%    | 3.4%    | 0.0%   | 0.0%     | 0.0%   | 0.0%  | 3.1%    | 4.4%   | 0.0%   |
| Due to lack of appropriate environment for studies                      | 1.2%    | 1.7%    | 0.0%   | 3.2%     | 3.7%   | 0.0%  | .8%     | 1.1%   | 0.0%   |
| Due to financial crisis   | 26.5%   | 29.1%   | 20.0%  | 41.9%    | 40.7%  | 50.0% | 22.9%   | 25.6%  | 17.1%  |
| Due to lack of disabled friendly school                                 | 1.9%    | 2.6%    | 0.0%   | 9.7%     | 11.1%  | 0.0%  | 0.0%    | 0.0%   | 0.0%   |
| Due to lack of awareness regarding the importance of educating children | 1.9%    | 2.6%    | 0.0%   | 0.0%     | 0.0%   | 0.0%  | 2.3%    | 3.3%   | 0.0%   |

**Table 18.2: School going children in the household by gender**

|                                 | Total |       |       | Dhankuta |       |       | Dhanusa |       |       |
|---------------------------------|-------|-------|-------|----------|-------|-------|---------|-------|-------|
|                                 | Total | VDC   | Muni. | Total    | VDC   | Muni. | Total   | VDC   | Muni. |
|                                 | Sum   | Sum   | Sum   | Sum      | Sum   | Sum   | Sum     | Sum   | Sum   |
| Male - total                    | 2,978 | 2,298 | 680   | 1,300    | 1,031 | 269   | 1,678   | 1,267 | 411   |
| Male - enrolled in school       | 97%   | 97%   | 96%   | 98%      | 98%   | 99%   | 96%     | 97%   | 94%   |
| Male - not enrolled in school   | 3%    | 3%    | 4%    | 2%       | 2%    | 1%    | 4%      | 3%    | 6%    |
| Female - total                  | 2,738 | 2,093 | 645   | 1,262    | 994   | 268   | 1,476   | 1,099 | 377   |
| Female - enrolled in school     | 96%   | 96%   | 95%   | 99%      | 99%   | 99%   | 94%     | 94%   | 93%   |
| Female - not enrolled in school | 4%    | 4%    | 5%    | 1%       | 1%    | 1%    | 6%      | 6%    | 7%    |

**Table 19: Means of transportation used to go to school**

|                       | Total    |          |         | Dhankuta |          |         | Dhanusa  |          |         |
|-----------------------|----------|----------|---------|----------|----------|---------|----------|----------|---------|
|                       | Total    | VDC      | Muni.   | Total    | VDC      | Muni.   | Total    | VDC      | Muni.   |
|                       | N = 2953 | N = 2323 | N = 630 | N = 1509 | N = 1178 | N = 331 | N = 1444 | N = 1145 | N = 299 |
| On foot               | 92.9%    | 92.8%    | 93.3%   | 98.5%    | 98.5%    | 98.5%   | 87.1%    | 87.0%    | 87.6%   |
| Bicycle               | 8.6%     | 8.7%     | 7.9%    | .2%      | .3%      | 0.0%    | 17.3%    | 17.5%    | 16.7%   |
| Motorcycle            | .4%      | .3%      | 1.0%    | .2%      | .1%      | .6%     | .6%      | .4%      | 1.3%    |
| School Bus/Van        | 2.4%     | 2.1%     | 3.8%    | .7%      | .6%      | .9%     | 4.3%     | 3.6%     | 7.0%    |
| Public transportation | .7%      | .9%      | .2%     | 1.4%     | 1.8%     | 0.0%    | .1%      | 0.0%     | .3%     |
| Others                | .6%      | .6%      | .6%     | .3%      | .3%      | .3%     | 1.0%     | 1.0%     | 1.0%    |

*Asked to those who are sending children to school (grade 1 - 10)*

**Table 110: QUESTION: How long does it take for them to reach school?**

|                        | Total |     |       | Dhankuta |     |       | Dhanusa |     |       |
|------------------------|-------|-----|-------|----------|-----|-------|---------|-----|-------|
|                        | Total | VDC | Muni. | Total    | VDC | Muni. | Total   | VDC | Muni. |
| Average time taken on: |       |     |       |          |     |       |         |     |       |
| Foot                   | 20    | 21  | 15    | 23       | 26  | 13    | 16      | 15  | 18    |
| Bicycle                | 22    | 23  | 15    | 15       | 15  |       | 22      | 23  | 15    |
| Motorcycle             | 14    | 21  | 7     | 9        | 20  | 4     | 16      | 21  | 9     |
| School bus/ban         | 23    | 27  | 15    | 24       | 31  | 8     | 23      | 26  | 16    |
| Public transportation  | 17    | 17  | 10    | 17       | 17  |       | 10      |     | 10    |
| Other means            | 4     | 5   | 1     | 3        | 4   | 1     | 4       | 5   | 1     |

**Table 121: QUESTION: What was the average age when the children in your household started primary school?**

|        | Total |      |       | Dhankuta |      |       | Dhanusa |      |       |
|--------|-------|------|-------|----------|------|-------|---------|------|-------|
|        | Total | VDC  | Muni. | Total    | VDC  | Muni. | Total   | VDC  | Muni. |
| (Mean) |       |      |       |          |      |       |         |      |       |
| Male   | 5.83  | 5.63 | 6.61  | 5.78     | 5.75 | 5.88  | 5.87    | 5.53 | 7.33  |
| Female | 5.75  | 5.61 | 6.29  | 5.74     | 5.74 | 5.76  | 5.77    | 5.49 | 6.79  |

The respondents were also asked to give their opinion on the overall quality of primary education provided by public schools in their localities. Around 56% replied that the quality was around average. Almost one third of the respondents rated the quality of primary education as good with slight variations across the two districts. Regarding their opinion on the quality of secondary education provided by the public schools, around half of the respondents across all the VDCs and municipalities in the two districts felt that the quality was average and 35.7% felt that the quality was good. A relatively higher proportion of respondents from Dhankuta perceived the quality of secondary education provided by public schools to be good in comparison to the respondents in Dhanusa.

At the VDC/municipality level, it was observed that the respondents of Lohana and Sapahi in Dhanusa had the most negative view on the quality of primary public schools. Additionally, the respondents of Sapahi VDC had the most negative perception of secondary public schools. The most positive views about both primary and secondary public schools were expressed by respondents in Rajarani, where almost 3/4 mentioned that the secondary schools were good or very good. Overall, it was seen that the respondents in Dhankuta had a more positive opinion about the quality of public schools, with over 40% regarding the quality to be good or very good in all localities with the exception of Bhirgaun.

Similarly, the respondents were asked to assess the overall quality of primary and secondary education provided by private schools in their localities. Over one third of the VDC respondents in Dhankuta mentioned that there were no private schools providing primary education in their locality. Over half of the VDC respondents from Dhankuta mentioned that private schools providing secondary education were also not available in their locality. However, it has to be noted that those respondents who were aware of the quality of primary or secondary education being provided by private schools were mostly positive and perceived that the quality of education provided was good or very good. In comparison to public schools, a relatively higher proportion of respondents perceived the quality of education (both primary and secondary) provided by private schools as good or very good.

Overall, 15-20% of the respondents were seen to be more satisfied with the quality of private than with public schools, both primary and secondary. Apparently, there were no private schools in Bhirgaun and Vedetar, while in Rajarani VDC of Dhankuta there is no private secondary school.

**Table 13: QUESTION: Could you please mention your opinion about the overall quality of education provided by the PUBLIC SCHOOLS in this VDC/Municipality: primary education?**

|                | Total         |               |               | Dhankuta      |               |               | Dhanusa       |               |               |
|----------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|                | Total         | VDC           | Muni.         | Total         | VDC           | Muni.         | Total         | VDC           | Muni.         |
|                | N = 3200      | N = 2500      | N = 700       | N = 1600      | N = 1250      | N = 350       | N = 1600      | N = 1250      | N = 350       |
| Don't Know     | 1.7%          | 1.4%          | 2.9%          | 1.8%          | 1.0%          | 4.3%          | 1.7%          | 1.8%          | 1.4%          |
| Not Applicable | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          |
| Not Available  | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          |
| Very bad       | .5%           | .4%           | .7%           | 0.0%          | 0.0%          | 0.0%          | .9%           | .8%           | 1.4%          |
| Bad            | 8.5%          | 7.3%          | 12.7%         | 3.1%          | 2.9%          | 3.7%          | 13.9%         | 11.7%         | 21.7%         |
| Average        | 55.9%         | 57.2%         | 51.6%         | 55.8%         | 57.6%         | 49.1%         | 56.1%         | 56.7%         | 54.0%         |
| Good           | 31.2%         | 31.1%         | 31.3%         | 36.9%         | 35.8%         | 41.1%         | 25.4%         | 26.5%         | 21.4%         |
| Very Good      | 2.3%          | 2.6%          | .9%           | 2.5%          | 2.7%          | 1.7%          | 2.0%          | 2.6%          | 0.0%          |
| <b>Total</b>   | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> |

**Table 23: QUESTION: Could you please mention your opinion about the overall quality of education provided by the PUBLIC SCHOOLS in this VDC/Municipality: secondary education?**

|                | Total         |               |               | Dhankuta      |               |               | Dhanusa       |               |               |
|----------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|                | Total         | VDC           | Muni.         | Total         | VDC           | Muni.         | Total         | VDC           | Muni.         |
|                | N = 3200      | N = 2500      | N = 700       | N = 1600      | N = 1250      | N = 350       | N = 1600      | N = 1250      | N = 350       |
| Don't Know     | 2.4%          | 1.9%          | 4.3%          | 1.7%          | .8%           | 4.9%          | 3.2%          | 3.0%          | 3.7%          |
| Not Applicable | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          |
| Not Available  | .7%           | .8%           | 0.0%          | .3%           | .3%           | 0.0%          | 1.1%          | 1.4%          | 0.0%          |
| Very Bad       | .6%           | .6%           | .6%           | 0.0%          | 0.0%          | 0.0%          | 1.2%          | 1.2%          | 1.1%          |
| Bad            | 7.3%          | 6.8%          | 8.9%          | 2.6%          | 2.2%          | 3.7%          | 11.9%         | 11.4%         | 14.0%         |
| Average        | 49.8%         | 49.9%         | 49.3%         | 49.1%         | 49.4%         | 48.0%         | 50.4%         | 50.3%         | 50.6%         |
| Good           | 35.7%         | 35.8%         | 35.0%         | 41.3%         | 41.1%         | 41.7%         | 30.1%         | 30.6%         | 28.3%         |
| Very Good      | 3.7%          | 4.1%          | 2.0%          | 5.1%          | 6.1%          | 1.7%          | 2.2%          | 2.2%          | 2.3%          |
| <b>Total</b>   | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> |

**Table 144: QUESTION: Could you please mention your opinion about the overall quality of education provided by the PRIVATE SCHOOLS in this VDC/Municipality: primary education?**

|                | Total    |          |         | Dhankuta |          |         | Dhanusa  |          |         |
|----------------|----------|----------|---------|----------|----------|---------|----------|----------|---------|
|                | Total    | VDC      | Muni.   | Total    | VDC      | Muni.   | Total    | VDC      | Muni.   |
|                | N = 3200 | N = 2500 | N = 700 | N = 1600 | N = 1250 | N = 350 | N = 1600 | N = 1250 | N = 350 |
| Don't Know     | 14.3%    | 17.3%    | 3.4%    | 8.3%     | 9.0%     | 6.0%    | 20.2%    | 25.6%    | .9%     |
| Not Applicable | 0.0%     | 0.0%     | 0.0%    | 0.0%     | 0.0%     | 0.0%    | 0.0%     | 0.0%     | 0.0%    |
| Not Available  | 14.8%    | 18.7%    | .6%     | 28.4%    | 36.1%    | 1.1%    | 1.1%     | 1.4%     | 0.0%    |
| Very Bad       | 0.0%     | 0.0%     | 0.0%    | 0.0%     | 0.0%     | 0.0%    | 0.0%     | 0.0%     | 0.0%    |
| Bad            | .4%      | .5%      | .1%     | .4%      | .5%      | 0.0%    | .5%      | .6%      | .3%     |
| Average        | 14.6%    | 15.1%    | 12.7%   | 17.1%    | 17.0%    | 17.7%   | 12.1%    | 13.3%    | 7.7%    |
| Good           | 44.6%    | 39.6%    | 62.6%   | 43.3%    | 35.8%    | 70.3%   | 45.9%    | 43.4%    | 54.9%   |
| Very Good      | 11.4%    | 8.8%     | 20.6%   | 2.4%     | 1.8%     | 4.9%    | 20.3%    | 15.8%    | 36.3%   |
| Total          | 100.0%   | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  |

**Table 155: QUESTION: Could you please mention your opinion about the overall quality of education provided by the PRIVATE SCHOOLS in this VDC/Municipality: secondary education?**

|                | Total    |          |         | Dhankuta |          |         | Dhanusa  |          |         |
|----------------|----------|----------|---------|----------|----------|---------|----------|----------|---------|
|                | Total    | VDC      | Muni.   | Total    | VDC      | Muni.   | Total    | VDC      | Muni.   |
|                | N = 3200 | N = 2500 | N = 700 | N = 1600 | N = 1250 | N = 350 | N = 1600 | N = 1250 | N = 350 |
| Don't Know     | 17.6%    | 21.4%    | 3.7%    | 8.8%     | 9.6%     | 6.0%    | 26.3%    | 33.3%    | 1.4%    |
| Not Applicable | 0.0%     | 0.0%     | 0.0%    | 0.0%     | 0.0%     | 0.0%    | 0.0%     | 0.0%     | 0.0%    |
| Not Available  | 24.5%    | 31.2%    | .6%     | 41.1%    | 52.3%    | 1.1%    | 7.9%     | 10.2%    | 0.0%    |
| Very Bad       | 0.0%     | 0.0%     | 0.0%    | 0.0%     | 0.0%     | 0.0%    | 0.0%     | 0.0%     | 0.0%    |
| Bad            | .4%      | .4%      | .3%     | .4%      | .5%      | .3%     | .4%      | .4%      | .3%     |
| Average        | 10.7%    | 10.4%    | 11.7%   | 11.6%    | 10.4%    | 16.0%   | 9.8%     | 10.5%    | 7.4%    |
| Good           | 35.9%    | 28.6%    | 62.3%   | 36.3%    | 26.4%    | 71.7%   | 35.6%    | 30.7%    | 52.9%   |
| Very Good      | 10.8%    | 7.9%     | 21.4%   | 1.7%     | .8%      | 4.9%    | 20.0%    | 15.0%    | 38.0%   |
| Total          | 100.0%   | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  |

**Table 26:16 QUESTION: How would you assess the PUBLIC PRIMARY SCHOOL in your VDC/Municipality in terms of the following aspects: Quality of classroom?**

|                | Total    |          |         | Dhankuta |          |         | Dhanusa  |          |         |
|----------------|----------|----------|---------|----------|----------|---------|----------|----------|---------|
|                | Total    | VDC      | Muni.   | Total    | VDC      | Muni.   | Total    | VDC      | Muni.   |
|                | N = 3200 | N = 2500 | N = 700 | N = 1600 | N = 1250 | N = 350 | N = 1600 | N = 1250 | N = 350 |
| Don't Know     | 3.0%     | 2.2%     | 5.6%    | 3.3%     | 2.1%     | 7.4%    | 2.7%     | 2.4%     | 3.7%    |
| Not Applicable | 0.0%     | 0.0%     | 0.0%    | 0.0%     | 0.0%     | 0.0%    | 0.0%     | 0.0%     | 0.0%    |
| Not Available  | 0.0%     | 0.0%     | 0.0%    | 0.0%     | 0.0%     | 0.0%    | 0.0%     | 0.0%     | 0.0%    |
| Very Bad       | .9%      | 1.0%     | .4%     | .1%      | .1%      | 0.0%    | 1.8%     | 2.0%     | .9%     |
| Bad            | 8.5%     | 8.8%     | 7.3%    | 1.5%     | 1.0%     | 3.1%    | 15.5%    | 16.6%    | 11.4%   |
| Average        | 45.5%    | 45.6%    | 45.0%   | 42.9%    | 45.4%    | 34.3%   | 48.0%    | 45.8%    | 55.7%   |
| Good           | 37.9%    | 37.3%    | 40.1%   | 49.1%    | 47.8%    | 53.4%   | 26.8%    | 26.8%    | 26.9%   |
| Very Good      | 4.2%     | 5.0%     | 1.6%    | 3.2%     | 3.6%     | 1.7%    | 5.3%     | 6.3%     | 1.4%    |
| Total          | 100.0%   | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  |

**Table 27: QUESTION: How would you assess the PUBLIC PRIMARY SCHOOL in your VDC/Municipality in terms of the following aspects: Teachers qualification?**

|                | Total    |          |         | Dhankuta |          |         | Dhanusa  |          |         |
|----------------|----------|----------|---------|----------|----------|---------|----------|----------|---------|
|                | Total    | VDC      | Muni.   | Total    | VDC      | Muni.   | Total    | VDC      | Muni.   |
|                | N = 3200 | N = 2500 | N = 700 | N = 1600 | N = 1250 | N = 350 | N = 1600 | N = 1250 | N = 350 |
| Don't Know     | 14.4%    | 11.3%    | 25.3%   | 9.3%     | 8.0%     | 14.0%   | 19.4%    | 14.6%    | 36.6%   |
| Not Applicable | 0.0%     | 0.0%     | 0.0%    | 0.0%     | 0.0%     | 0.0%    | 0.0%     | 0.0%     | 0.0%    |
| Not Available  | 0.0%     | 0.0%     | 0.0%    | 0.0%     | 0.0%     | 0.0%    | 0.0%     | 0.0%     | 0.0%    |
| Very Bad       | .2%      | .2%      | 0.0%    | 0.0%     | 0.0%     | 0.0%    | .3%      | .4%      | 0.0%    |
| Bad            | 2.8%     | 2.6%     | 3.4%    | 1.2%     | 1.0%     | 2.0%    | 4.3%     | 4.2%     | 4.9%    |
| Average        | 37.8%    | 40.3%    | 28.6%   | 31.1%    | 32.8%    | 25.1%   | 44.4%    | 47.8%    | 32.0%   |
| Good           | 40.7%    | 40.7%    | 40.6%   | 53.8%    | 53.5%    | 54.9%   | 27.6%    | 27.9%    | 26.3%   |
| Very Good      | 4.3%     | 4.9%     | 2.1%    | 4.6%     | 4.7%     | 4.0%    | 4.0%     | 5.0%     | .3%     |
| Total          | 100.0%   | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  |

**Table 28: QUESTION: How would you assess the PUBLIC PRIMARY SCHOOL in your VDC/Municipality in terms of the following aspects: Availability of teachers?**

|                | Total    |          |         | Dhankuta |          |         | Dhanusa  |          |         |
|----------------|----------|----------|---------|----------|----------|---------|----------|----------|---------|
|                | Total    | VDC      | Muni.   | Total    | VDC      | Muni.   | Total    | VDC      | Muni.   |
|                | N = 3200 | N = 2500 | N = 700 | N = 1600 | N = 1250 | N = 350 | N = 1600 | N = 1250 | N = 350 |
| Don't Know     | 9.8%     | 7.2%     | 19.1%   | 10.1%    | 8.6%     | 15.7%   | 9.6%     | 5.9%     | 22.6%   |
| Not Applicable | 0.0%     | 0.0%     | 0.0%    | 0.0%     | 0.0%     | 0.0%    | 0.0%     | 0.0%     | 0.0%    |
| Not Available  | 0.0%     | 0.0%     | 0.0%    | 0.0%     | 0.0%     | 0.0%    | 0.0%     | 0.0%     | 0.0%    |
| Very Bad       | .3%      | .2%      | 1.0%    | .1%      | .1%      | 0.0%    | .6%      | .2%      | 2.0%    |
| Bad            | 4.8%     | 3.8%     | 8.1%    | 2.3%     | 2.3%     | 2.0%    | 7.3%     | 5.4%     | 14.3%   |
| Average        | 41.5%    | 44.2%    | 32.1%   | 34.1%    | 37.3%    | 22.9%   | 48.9%    | 51.0%    | 41.4%   |
| Good           | 39.3%    | 40.0%    | 36.9%   | 47.6%    | 45.7%    | 54.3%   | 31.1%    | 34.4%    | 19.4%   |
| Very Good      | 4.2%     | 4.6%     | 2.7%    | 5.9%     | 6.1%     | 5.1%    | 2.4%     | 3.0%     | .3%     |
| Total          | 100.0%   | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  |

**Table 29: QUESTION: Could you please mention how you would assess the following physical condition/infrastructure of the PUBLIC SECONDARY SCHOOL in your VDC/Municipality: Building?**

|                | Total    |          |         | Dhankuta |          |         | Dhanusa  |          |         |
|----------------|----------|----------|---------|----------|----------|---------|----------|----------|---------|
|                | Total    | VDC      | Muni.   | Total    | VDC      | Muni.   | Total    | VDC      | Muni.   |
|                | N = 3200 | N = 2500 | N = 700 | N = 1600 | N = 1250 | N = 350 | N = 1600 | N = 1250 | N = 350 |
| Don't Know     | .8%      | .9%      | .4%     | .5%      | .6%      | 0.0%    | 1.1%     | 1.2%     | .9%     |
| Not Applicable | .7%      | .8%      | 0.0%    | .3%      | .3%      | 0.0%    | 1.1%     | 1.4%     | 0.0%    |
| Not Available  | 0.0%     | 0.0%     | 0.0%    | 0.0%     | 0.0%     | 0.0%    | 0.0%     | 0.0%     | 0.0%    |
| Very Bad       | .3%      | .3%      | 0.0%    | 0.0%     | 0.0%     | 0.0%    | .5%      | .6%      | 0.0%    |
| Bad            | 2.0%     | 2.1%     | 1.6%    | .9%      | 1.1%     | 0.0%    | 3.1%     | 3.0%     | 3.1%    |
| Average        | 33.5%    | 35.9%    | 24.7%   | 23.1%    | 25.0%    | 16.3%   | 43.9%    | 46.9%    | 33.1%   |
| Good           | 53.3%    | 49.6%    | 66.6%   | 64.5%    | 61.5%    | 75.1%   | 42.1%    | 37.6%    | 58.0%   |
| Very Good      | 9.6%     | 10.4%    | 6.7%    | 10.8%    | 11.4%    | 8.6%    | 8.3%     | 9.3%     | 4.9%    |
| Total          | 100.0%   | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  |

**Table 30: QUESTION: Could you please mention how you would assess the following physical condition/infrastructure of the PUBLIC SECONDARY SCHOOL in your VDC/Municipality: Toilet facility?**

|                | Total    |          |         | Dhankuta |          |         | Dhanusa  |          |         |
|----------------|----------|----------|---------|----------|----------|---------|----------|----------|---------|
|                | Total    | VDC      | Muni.   | Total    | VDC      | Muni.   | Total    | VDC      | Muni.   |
|                | N = 3200 | N = 2500 | N = 700 | N = 1600 | N = 1250 | N = 350 | N = 1600 | N = 1250 | N = 350 |
| Don't Know     | 4.0%     | 3.4%     | 5.9%    | 3.4%     | 3.5%     | 3.1%    | 4.5%     | 3.4%     | 8.6%    |
| Not Applicable | .7%      | .8%      | 0.0%    | .3%      | .3%      | 0.0%    | 1.1%     | 1.4%     | 0.0%    |
| Not Available  | 4.5%     | 5.8%     | 0.0%    | .2%      | .2%      | 0.0%    | 8.8%     | 11.3%    | 0.0%    |
| Very Bad       | 1.2%     | 1.5%     | .1%     | .2%      | .2%      | .3%     | 2.3%     | 2.9%     | 0.0%    |
| Bad            | 7.9%     | 9.0%     | 3.9%    | 3.6%     | 3.6%     | 3.7%    | 12.1%    | 14.4%    | 4.0%    |
| Average        | 42.8%    | 42.1%    | 45.0%   | 39.5%    | 41.2%    | 33.4%   | 46.0%    | 43.0%    | 56.6%   |
| Good           | 36.5%    | 34.6%    | 43.4%   | 49.3%    | 47.1%    | 57.1%   | 23.8%    | 22.1%    | 29.7%   |
| Very Good      | 2.5%     | 2.7%     | 1.7%    | 3.5%     | 3.8%     | 2.3%    | 1.5%     | 1.6%     | 1.1%    |
| Total          | 100.0%   | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  |

**Table 31: QUESTION: How would you assess the PUBLIC SECONDARY SCHOOL in your VDC/Municipality in terms of the following aspects: Quality of Classroom?**

|                | Total    |          |         | Dhankuta |          |         | Dhanusa  |          |         |
|----------------|----------|----------|---------|----------|----------|---------|----------|----------|---------|
|                | Total    | VDC      | Muni.   | Total    | VDC      | Muni.   | Total    | VDC      | Muni.   |
|                | N = 3200 | N = 2500 | N = 700 | N = 1600 | N = 1250 | N = 350 | N = 1600 | N = 1250 | N = 350 |
| Don't Know     | 3.0%     | 2.5%     | 5.0%    | 3.0%     | 2.3%     | 5.4%    | 3.1%     | 2.6%     | 4.6%    |
| Not Applicable | .7%      | .8%      | 0.0%    | .3%      | .3%      | 0.0%    | 1.1%     | 1.4%     | 0.0%    |
| Not Available  | 0.0%     | 0.0%     | 0.0%    | 0.0%     | 0.0%     | 0.0%    | 0.0%     | 0.0%     | 0.0%    |
| Very Bad       | .2%      | .2%      | .1%     | 0.0%     | 0.0%     | 0.0%    | .3%      | .3%      | .3%     |
| Bad            | 4.1%     | 4.4%     | 3.1%    | .7%      | .6%      | 1.1%    | 7.6%     | 8.2%     | 5.1%    |
| Average        | 39.6%    | 41.0%    | 34.6%   | 31.6%    | 33.5%    | 24.9%   | 47.6%    | 48.6%    | 44.3%   |
| Good           | 46.2%    | 44.0%    | 54.1%   | 57.3%    | 55.0%    | 65.7%   | 35.1%    | 33.0%    | 42.6%   |
| Very Good      | 6.2%     | 7.1%     | 3.0%    | 7.1%     | 8.3%     | 2.9%    | 5.3%     | 5.9%     | 3.1%    |
| Total          | 100.0%   | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  |

**Table 32: QUESTION: How would you assess the PUBLIC SECONDARY SCHOOL in your VDC/Municipality in terms of the following aspects: Teachers qualification?**

|                | Total    |          |         | Dhankuta |          |         | Dhanusa  |          |         |
|----------------|----------|----------|---------|----------|----------|---------|----------|----------|---------|
|                | Total    | VDC      | Muni.   | Total    | VDC      | Muni.   | Total    | VDC      | Muni.   |
|                | N = 3200 | N = 2500 | N = 700 | N = 1600 | N = 1250 | N = 350 | N = 1600 | N = 1250 | N = 350 |
| Don't Know     | 14.8%    | 11.2%    | 27.4%   | 8.3%     | 7.4%     | 11.7%   | 21.2%    | 15.0%    | 43.1%   |
| Not Applicable | .7%      | .8%      | 0.0%    | .3%      | .3%      | 0.0%    | 1.1%     | 1.4%     | 0.0%    |
| Not Available  | 0.0%     | 0.0%     | 0.0%    | 0.0%     | 0.0%     | 0.0%    | 0.0%     | 0.0%     | 0.0%    |
| Very Bad       | .2%      | .3%      | 0.0%    | 0.0%     | 0.0%     | 0.0%    | .4%      | .6%      | 0.0%    |
| Bad            | 1.8%     | 2.1%     | 1.0%    | .5%      | .5%      | .6%     | 3.2%     | 3.7%     | 1.4%    |
| Average        | 23.9%    | 25.0%    | 19.7%   | 22.8%    | 24.7%    | 16.0%   | 24.9%    | 25.4%    | 23.4%   |
| Good           | 51.2%    | 52.2%    | 47.6%   | 59.2%    | 57.6%    | 64.9%   | 43.1%    | 46.7%    | 30.3%   |
| Very Good      | 7.5%     | 8.4%     | 4.3%    | 8.9%     | 9.5%     | 6.9%    | 6.1%     | 7.3%     | 1.7%    |
| Total          | 100.0%   | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  |

**Table 33: QUESTION: How would you assess the PUBLIC SECONDARY SCHOOL in your VDC/Municipality in terms of the following aspects: Availability of teachers?**

|                | Total    |          |         | Dhankuta |          |         | Dhanusa  |          |         |
|----------------|----------|----------|---------|----------|----------|---------|----------|----------|---------|
|                | Total    | VDC      | Muni.   | Total    | VDC      | Muni.   | Total    | VDC      | Muni.   |
|                | N = 3200 | N = 2500 | N = 700 | N = 1600 | N = 1250 | N = 350 | N = 1600 | N = 1250 | N = 350 |
| Don't Know     | 10.8%    | 8.1%     | 20.4%   | 9.3%     | 8.2%     | 13.4%   | 12.3%    | 8.1%     | 27.4%   |
| Not Applicable | .7%      | .8%      | 0.0%    | .3%      | .3%      | 0.0%    | 1.1%     | 1.4%     | 0.0%    |
| Not Available  | 0.0%     | 0.0%     | 0.0%    | 0.0%     | 0.0%     | 0.0%    | 0.0%     | 0.0%     | 0.0%    |
| Very Bad       | .1%      | .1%      | 0.0%    | 0.0%     | 0.0%     | 0.0%    | .2%      | .2%      | 0.0%    |
| Bad            | 2.9%     | 2.6%     | 4.0%    | 1.3%     | 1.3%     | 1.1%    | 4.6%     | 3.9%     | 6.9%    |
| Average        | 36.6%    | 38.5%    | 29.9%   | 27.9%    | 30.9%    | 17.4%   | 45.3%    | 46.1%    | 42.3%   |
| Good           | 42.8%    | 43.2%    | 41.0%   | 51.2%    | 48.6%    | 60.3%   | 34.3%    | 37.8%    | 21.7%   |
| Very Good      | 6.2%     | 6.6%     | 4.7%    | 10.1%    | 10.7%    | 7.7%    | 2.3%     | 2.5%     | 1.7%    |
| Total          | 100.0%   | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  |

**Table 34: QUESTION: Could you please mention whether teachers in the PUBLIC PRIMARY SCHOOL in your VDC/Municipality are always available for full time during school days?**

|            | Total    |          |         | Dhankuta |          |         | Dhanusa  |          |         |
|------------|----------|----------|---------|----------|----------|---------|----------|----------|---------|
|            | Total    | VDC      | Muni.   | Total    | VDC      | Muni.   | Total    | VDC      | Muni.   |
|            | N = 3200 | N = 2500 | N = 700 | N = 1600 | N = 1250 | N = 350 | N = 1600 | N = 1250 | N = 350 |
| Yes        | 75.2%    | 78.6%    | 63.1%   | 80.1%    | 82.1%    | 73.1%   | 70.3%    | 75.1%    | 53.1%   |
| No         | 10.9%    | 10.8%    | 11.4%   | 5.1%     | 5.8%     | 2.9%    | 16.8%    | 15.8%    | 20.0%   |
| Don't Know | 13.8%    | 10.6%    | 25.4%   | 14.8%    | 12.2%    | 24.0%   | 12.9%    | 9.0%     | 26.9%   |
| Total      | 100.0%   | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  |

**Table 35: QUESTION: Could you please mention whether teachers in the PUBLIC SECONDARY SCHOOL in your VDC/Municipality are always available for full time during school days?**

|            | Total    |          |         | Dhankuta |          |         | Dhanusa  |          |         |
|------------|----------|----------|---------|----------|----------|---------|----------|----------|---------|
|            | Total    | VDC      | Muni.   | Total    | VDC      | Muni.   | Total    | VDC      | Muni.   |
|            | N = 3200 | N = 2500 | N = 700 | N = 1600 | N = 1250 | N = 350 | N = 1600 | N = 1250 | N = 350 |
| Yes        | 75.3%    | 78.4%    | 64.0%   | 81.7%    | 83.8%    | 74.0%   | 68.8%    | 73.0%    | 54.0%   |
| No         | 8.0%     | 8.6%     | 5.9%    | 3.3%     | 3.1%     | 3.7%    | 12.8%    | 14.2%    | 8.0%    |
| Don't Know | 16.7%    | 13.0%    | 30.1%   | 15.1%    | 13.0%    | 22.3%   | 18.4%    | 12.9%    | 38.0%   |
| Total      | 100.0%   | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  |

### *Responsibility for Ensuring Quality Education*

It was observed that around half of the respondents regarded the School Management Committee to be the most responsible for the quality of both primary and secondary education in their VDC/municipality. The District Education Office was somewhat regarded as the second important entity after the School Management Committee to be responsible for the quality of education, particularly by the respondents of Dhanusa. Even within Dhanusa district, a significant proportion of respondents of Labatoli and Umaprempur VDCs regarded the DEO as being the second most important entity after the School Management Committee responsible for quality education.

Most of the respondents felt that the VDC/municipality officials are only little to somewhat concerned about the quality of education with variations across the two districts. Over half of the respondents of VDCs in Dhanusa stated that these officials were not concerned about the quality of education at all.

The responses in Dhankuta indicate that the population thinks that the VDC is concerned about the quality of education, in particular in Vedetar and Rajarani VDCs. Whereas in Dhanusa the majority of respondents in Lohana and Janakpur perceive that the VDC/municipality does not care about the quality of education while other VDCs in this district have a more positive view.

The question whether respondents felt that the DDC officials were concerned about the quality of education, around one fourth were not able to answer while over one fourth felt that they were somewhat concerned. In Dhankuta, similar to respondents' views on VDCs, there is a sense that the DDC cares about education, whereas in Dhanusa about half the respondents in Lohana and in Janakpur perceive that DDC officials do not care about the quality of education.

**Table 36: QUESTION: In your opinion which entity do you hold MOST RESPONSIBLE for the QUALITY OF PRIMARY EDUCATION in your VDC/Municipality?**

|                                      | Total    |          |         | Dhankuta |          |         | Dhanusa  |          |         |
|--------------------------------------|----------|----------|---------|----------|----------|---------|----------|----------|---------|
|                                      | Total    | VDC      | Muni.   | Total    | VDC      | Muni.   | Total    | VDC      | Muni.   |
|                                      | N = 3200 | N = 2500 | N = 700 | N = 1600 | N = 1250 | N = 350 | N = 1600 | N = 1250 | N = 350 |
| School Management Committee          | 50.3%    | 51.3%    | 46.6%   | 59.3%    | 58.3%    | 62.6%   | 41.3%    | 44.3%    | 30.6%   |
| Social Audit Committee               | .4%      | .4%      | .7%     | .4%      | .4%      | .3%     | .5%      | .3%      | 1.1%    |
| Village Education Committee          | 2.6%     | 2.6%     | 2.6%    | 2.6%     | 3.0%     | 1.1%    | 2.5%     | 2.1%     | 4.0%    |
| Village Development Committee (VDC)  | 8.6%     | 10.2%    | 2.7%    | 2.8%     | 3.0%     | 2.3%    | 14.4%    | 17.5%    | 3.1%    |
| District Education Committee         | 2.0%     | 2.0%     | 1.9%    | 1.1%     | 1.0%     | 1.7%    | 2.8%     | 3.0%     | 2.0%    |
| District Development Committee (DDC) | .4%      | .3%      | 1.0%    | .6%      | .6%      | .6%     | .3%      | 0.0%     | 1.4%    |
| District Education Office (DEO)      | 10.3%    | 10.9%    | 8.4%    | 5.5%     | 4.8%     | 8.0%    | 15.2%    | 17.0%    | 8.9%    |
| Department of education (DoE)        | .5%      | .5%      | .6%     | .8%      | .9%      | .3%     | .3%      | .2%      | .9%     |
| Ministry of Education (MoE)          | 2.9%     | 3.0%     | 2.4%    | 4.4%     | 5.1%     | 2.0%    | 1.3%     | .9%      | 2.9%    |
| Other                                | 5.9%     | 5.7%     | 6.9%    | 7.2%     | 7.3%     | 6.9%    | 4.7%     | 4.1%     | 6.9%    |
| Don't Know                           | 16.0%    | 13.2%    | 26.3%   | 15.4%    | 15.7%    | 14.3%   | 16.7%    | 10.6%    | 38.3%   |
| Total                                | 100.0%   | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  |



**Table 37: QUESTION: In your opinion which entity do you hold MOST RESPONSIBLE for the QUALITY OF SECONDARY EDUCATION in your VDC/Municipality?**

|                                      | Total    |          |         | Dhankuta |          |         | Dhanusa  |          |         |
|--------------------------------------|----------|----------|---------|----------|----------|---------|----------|----------|---------|
|                                      | Total    | VDC      | Muni.   | Total    | VDC      | Muni.   | Total    | VDC      | Muni.   |
|                                      | N = 3200 | N = 2500 | N = 700 | N = 1600 | N = 1250 | N = 350 | N = 1600 | N = 1250 | N = 350 |
| School Management Committee          | 48.4%    | 50.4%    | 41.1%   | 57.1%    | 57.8%    | 54.9%   | 39.7%    | 43.1%    | 27.4%   |
| Social Audit Committee               | .3%      | .3%      | .4%     | .4%      | .5%      | .3%     | .2%      | .1%      | .6%     |
| Village Education Committee          | 1.8%     | 2.0%     | 1.3%    | 2.1%     | 2.6%     | .6%     | 1.6%     | 1.4%     | 2.0%    |
| Village Development Committee (VDC)  | 7.9%     | 9.8%     | .9%     | 2.3%     | 2.5%     | 1.4%    | 13.5%    | 17.2%    | .3%     |
| District Education Committee         | 2.7%     | 2.4%     | 3.9%    | 1.7%     | 1.2%     | 3.4%    | 3.7%     | 3.5%     | 4.3%    |
| District Development Committee (DDC) | .8%      | .6%      | 1.4%    | 1.3%     | 1.2%     | 1.7%    | .3%      | 0.0%     | 1.1%    |
| District Education Office (DEO)      | 11.5%    | 11.0%    | 13.0%   | 6.4%     | 4.7%     | 12.3%   | 16.6%    | 17.4%    | 13.7%   |
| Department of education (DoE)        | .8%      | .6%      | 1.6%    | .9%      | .9%      | .9%     | .7%      | .2%      | 2.3%    |
| Ministry of Education (MoE)          | 2.8%     | 3.0%     | 2.4%    | 4.4%     | 5.0%     | 2.3%    | 1.3%     | .9%      | 2.6%    |
| Other                                | 5.9%     | 5.7%     | 6.7%    | 7.3%     | 7.4%     | 6.6%    | 4.6%     | 3.9%     | 6.9%    |
| Don't Know                           | 17.1%    | 14.2%    | 27.3%   | 16.1%    | 16.2%    | 15.7%   | 18.1%    | 12.2%    | 38.9%   |
| Total                                | 100.0%   | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  |

**Table 38: QUESTION: In your opinion, how concerned are the VDC/Municipalities officials with the quality of education in your VDC/Municipality?**

|                      | Total    |          |         | Dhankuta |          |         | Dhanusa  |          |         |
|----------------------|----------|----------|---------|----------|----------|---------|----------|----------|---------|
|                      | Total    | VDC      | Muni.   | Total    | VDC      | Muni.   | Total    | VDC      | Muni.   |
|                      | N = 3200 | N = 2500 | N = 700 | N = 1600 | N = 1250 | N = 350 | N = 1600 | N = 1250 | N = 350 |
| Very concerned       | 4.9%     | 2.0%     | 2.8%    | 2.4%     | 6.8%     | 18.0%   | 2.3%     | 2.8%     | 6.0%    |
| Somewhat concerned   | 35.3%    | 21.6%    | 36.4%   | 36.8%    | 71.2%    | 70.4%   | 27.7%    | 11.2%    | 56.0%   |
| A little concerned   | 24.6%    | 23.2%    | 26.8%   | 31.2%    | 14.4%    | 5.2%    | 19.7%    | 21.2%    | 25.2%   |
| Not concerned at all | 16.2%    | 20.8%    | 4.0%    | 12.8%    | 2.8%     | 0.0%    | 14.6%    | 52.4%    | 8.4%    |
| Don't Know           | 19.0%    | 32.4%    | 30.0%   | 16.8%    | 4.8%     | 6.4%    | 35.7%    | 12.4%    | 4.4%    |
| Total                | 100.0%   | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  |

**Table 39: QUESTION: In your opinion, how concerned are the DDC officials with the quality of education in your VDC/Municipality?**

|                      | Total    |          |         | Dhankuta |          |         | Dhanusa  |          |         |
|----------------------|----------|----------|---------|----------|----------|---------|----------|----------|---------|
|                      | Total    | VDC      | Muni.   | Total    | VDC      | Muni.   | Total    | VDC      | Muni.   |
|                      | N = 3200 | N = 2500 | N = 700 | N = 1600 | N = 1250 | N = 350 | N = 1600 | N = 1250 | N = 350 |
| Very concerned       | 3.6%     | 4.1%     | 1.6%    | 5.4%     | 6.2%     | 2.9%    | 1.7%     | 2.1%     | .3%     |
| Somewhat concerned   | 27.2%    | 31.0%    | 13.6%   | 37.9%    | 41.9%    | 23.7%   | 16.4%    | 20.1%    | 3.4%    |
| A little concerned   | 26.8%    | 30.1%    | 14.9%   | 21.3%    | 22.6%    | 16.6%   | 32.3%    | 37.6%    | 13.1%   |
| Not concerned at all | 17.0%    | 13.1%    | 31.0%   | 8.8%     | 7.7%     | 12.9%   | 25.3%    | 18.6%    | 49.1%   |
| Don't Know           | 25.4%    | 21.6%    | 39.0%   | 26.5%    | 21.6%    | 44.0%   | 24.4%    | 21.7%    | 34.0%   |
| Total                | 100.0%   | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  |

The respondents were also asked if people in their village/community area were able to influence the quality of education. Over 42% replied that they were not able to do so. Over 36% of the respondents mentioned that they did not know if they would be able to influence the quality of education. Similarly, almost half of the respondents were of the view that the village and community members are not able to influence the spending on education in their VDC/municipality. However, it was observed that the proportion of respondents who believed that they could influence the quality of education in their VDC/municipality was higher than those who felt that they could influence spending on education. Across the VDCs and municipality, the majority of respondents of Pakhribas, Hathikharka, Lohana and Janakpur VDCs/municipality feel that they cannot influence the quality or the spending on education.

**Table 40: QUESTION: In your opinion, are the members in your village/community area able to influence the quality of education in your VDC/Municipality?**

|            | Total    |          |         | Dhankuta |          |         | Dhanusa  |          |         |
|------------|----------|----------|---------|----------|----------|---------|----------|----------|---------|
|            | Total    | VDC      | Muni.   | Total    | VDC      | Muni.   | Total    | VDC      | Muni.   |
|            | N = 3200 | N = 2500 | N = 700 | N = 1600 | N = 1250 | N = 350 | N = 1600 | N = 1250 | N = 350 |
| Yes        | 21.3%    | 20.8%    | 23.4%   | 25.4%    | 22.8%    | 34.6%   | 17.3%    | 18.7%    | 12.3%   |
| No         | 42.2%    | 40.6%    | 48.0%   | 37.3%    | 39.5%    | 29.4%   | 47.1%    | 41.6%    | 66.6%   |
| Don't Know | 36.5%    | 38.7%    | 28.6%   | 37.3%    | 37.7%    | 36.0%   | 35.6%    | 39.7%    | 21.1%   |
| Total      | 100.0 %  | 100.0 %  | 100.0 % | 100.0 %  | 100.0 %  | 100.0 % | 100.0 %  | 100.0 %  | 100.0 % |

**Table 40.1: QUESTION: How are the members in your village/community able to influence quality?**

|   | Total   |         |         | Dhankuta |         |         | Dhanusa |         |        |
|---|---------|---------|---------|----------|---------|---------|---------|---------|--------|
|   | Total   | VDC     | Muni.   | Total    | VDC     | Muni.   | Total   | VDC     | Muni.  |
|   | N = 683 | N = 519 | N = 164 | N = 406  | N = 285 | N = 121 | N = 277 | N = 234 | N = 43 |
| By playing direct roles to improve the quality of education (monitoring teachers performance)               | 66.3%   | 64.7%   | 71.3%   | 63.1%    | 59.3%   | 71.9%   | 71.1%   | 71.4%   | 69.8%  |
| By forming SMC with active members and making it active   | 6.7%    | 6.7%    | 6.7%    | 5.7%     | 4.9%    | 7.4%    | 8.3%    | 9.0%    | 4.7%   |
| By giving advice to different authorities   | 2.8%    | 2.9%    | 2.4%    | 3.2%     | 3.5%    | 2.5%    | 2.2%    | 2.1%    | 2.3%   |
| By approaching concerned authorities for improving quality of education and necessary educational materials | 8.8%    | 7.5%    | 12.8%   | 11.1%    | 10.9%   | 11.6%   | 5.4%    | 3.4%    | 16.3%  |
| By being concerned with the quality of education  | 13.8%   | 11.9%   | 19.5%   | 20.2%    | 18.9%   | 23.1%   | 4.3%    | 3.4%    | 9.3%   |
| By being concerned with / involved in the activities related to education                                   | 18.6%   | 17.9%   | 20.7%   | 22.2%    | 21.1%   | 24.8%   | 13.4%   | 14.1%   | 9.3%   |
| By reporting the issues related with education to concerned authorities                                     | 3.7%    | 3.7%    | 3.7%    | 3.9%     | 4.6%    | 2.5%    | 3.2%    | 2.6%    | 7.0%   |
| By assisting school with physical/financial means   | 4.1%    | 4.0%    | 4.3%    | 6.4%     | 6.7%    | 5.8%    | .7%     | .9%     | 0.0%   |

**Table 171: QUESTION: In your opinion, are the members in your village/community able to influence spending on education in your VDC/Municipality?**

|            | Total    |          |         | Dhankuta |          |         | Dhanusa  |          |         |
|------------|----------|----------|---------|----------|----------|---------|----------|----------|---------|
|            | Total    | VDC      | Muni.   | Total    | VDC      | Muni.   | Total    | VDC      | Muni.   |
|            | N = 3200 | N = 2500 | N = 700 | N = 1600 | N = 1250 | N = 350 | N = 1600 | N = 1250 | N = 350 |
| Yes        | 12.3%    | 11.9%    | 13.9%   | 13.1%    | 10.3%    | 22.9%   | 11.6%    | 13.5%    | 4.9%    |
| No         | 49.9%    | 48.5%    | 54.9%   | 45.7%    | 48.5%    | 35.7%   | 54.1%    | 48.5%    | 74.0%   |
| Don't Know | 37.8%    | 39.6%    | 31.3%   | 41.3%    | 41.2%    | 41.4%   | 34.3%    | 38.0%    | 21.1%   |
| Total      | 100.0%   | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  |

**Table 41.1: QUESTION: How are the members in your village/community able to influence spending?**

|   | Total   |         |        | Dhankuta |         |        | Dhanusa |         |        |
|---|---------|---------|--------|----------|---------|--------|---------|---------|--------|
|   | Total   | VDC     | Muni.  | Total    | VDC     | Muni.  | Total   | VDC     | Muni.  |
|   | N = 395 | N = 298 | N = 97 | N = 209  | N = 129 | N = 80 | N = 186 | N = 169 | N = 17 |
| By demanding for proper utilization and transparency of budget                                    | 41.0%   | 44.3%   | 30.9%  | 34.4%    | 34.1%   | 35.0%  | 48.4%   | 52.1%   | 11.8%  |
| By offering resources (land, labor, money, other educational materials)                           | 48.9%   | 43.6%   | 64.9%  | 61.7%    | 60.5%   | 63.8%  | 34.4%   | 30.8%   | 70.6%  |
| By approaching to the authorities for assistance (financial, educational materials) to the school | 11.4%   | 12.4%   | 8.2%   | 8.6%     | 10.1%   | 6.3%   | 14.5%   | 14.2%   | 17.6%  |
| By complaining the corruption and irregularities to the concerned authorities                     | .3%     | .3%     | 0.0%   | 0.0%     | 0.0%    | 0.0%   | .5%     | .6%     | 0.0%   |
| By participating in the activities like meetings, public hearings related to education            | 5.6%    | 3.0%    | 13.4%  | 7.7%     | 3.1%    | 15.0%  | 3.2%    | 3.0%    | 5.9%   |
| By paying tuition fee on time   | .3%     | .3%     | 0.0%   | .5%      | .8%     | 0.0%   | 0.0%    | 0.0%    | 0.0%   |
| By requesting to allocate more budget/financial assistance  | 4.8%    | 3.7%    | 8.2%   | 7.2%     | 6.2%    | 8.8%   | 2.2%    | 1.8%    | 5.9%   |
| By requesting school to decrease the fee  | .3%     | 0.0%    | 1.0%   | .5%      | 0.0%    | 1.3%   | 0.0%    | 0.0%    | 0.0%   |

**Table 42: QUESTION: Could you please give us your opinion about the benefits of educating your children?**

|  | Total    |          |         | Dhankuta |          |         | Dhanusa  |          |         |
|--|----------|----------|---------|----------|----------|---------|----------|----------|---------|
|  | Total    | VDC      | Muni.   | Total    | VDC      | Muni.   | Total    | VDC      | Muni.   |
|  | N = 2953 | N = 2323 | N = 630 | N = 1509 | N = 1178 | N = 331 | N = 1444 | N = 1145 | N = 299 |
| Will go abroad   | 3.5%     | 3.9%     | 2.1%    | 1.0%     | 1.1%     | .6%     | 6.2%     | 6.8%     | 3.7%    |
| Will do business   | 1.7%     | .9%      | 4.4%    | 1.1%     | .5%      | 3.0%    | 2.4%     | 1.4%     | 6.0%    |
| Will develop English language skills   | .5%      | .2%      | 1.6%    | .5%      | .3%      | .9%     | .6%      | .1%      | 2.3%    |
| The prospect of getting a job is better (Teacher, Doctor, Engineer, Gov. Officials etc.) | 27.6%    | 23.7%    | 42.1%   | 18.9%    | 16.4%    | 27.8%   | 36.7%    | 31.2%    | 57.9%   |
| Will be well educated, disciplined, successful, respected and have bright future         | 71.0%    | 71.1%    | 70.6%   | 83.0%    | 83.7%    | 80.7%   | 58.4%    | 58.1%    | 59.5%   |
| Will be smart, clever and updated with current happenings                                | 1.5%     | 1.5%     | 1.4%    | 2.7%     | 2.8%     | 2.1%    | .3%      | .2%      | .7%     |
| Will be easier for them to get married   | 1.1%     | 1.2%     | .8%     | .3%      | .3%      | 0.0%    | 1.9%     | 2.0%     | 1.7%    |
| To make good politician in village   | .0%      | .0%      | 0.0%    | 0.0%     | 0.0%     | 0.0%    | .1%      | .1%      | 0.0%    |
| They will get better opportunity   | .2%      | .1%      | .6%     | .4%      | .2%      | 1.2%    | 0.0%     | 0.0%     | 0.0%    |
| They can serve the society and country   | 1.0%     | 1.2%     | .5%     | 1.7%     | 2.0%     | .6%     | .3%      | .3%      | .3%     |
| Family will have prestige in the society   | .9%      | .9%      | .8%     | 1.2%     | 1.3%     | .9%     | .6%      | .6%      | .7%     |
| They will be economically independent, have secured life and take care of family         | 14.3%    | 15.1%    | 11.3%   | 18.0%    | 18.0%    | 17.8%   | 10.4%    | 12.1%    | 4.0%    |
| Did not mention  | .5%      | .6%      | .5%     | .5%      | .4%      | .6%     | .6%      | .7%      | .3%     |

## Participation and Representation in Associations and Committees

**Table 43: QUESTION: Are you aware of the Parents Teachers Association (PTA) in your children's school?**

|       | Total    |          |         | Dhankuta |          |         | Dhanusa  |          |         |
|-------|----------|----------|---------|----------|----------|---------|----------|----------|---------|
|       | Total    | VDC      | Muni.   | Total    | VDC      | Muni.   | Total    | VDC      | Muni.   |
|       | N = 2953 | N = 2323 | N = 630 | N = 1509 | N = 1178 | N = 331 | N = 1444 | N = 1145 | N = 299 |
| Yes   | 21.7%    | 21.6%    | 22.1%   | 34.3%    | 36.1%    | 28.1%   | 8.5%     | 6.7%     | 15.4%   |
| No    | 78.3%    | 78.4%    | 77.9%   | 65.7%    | 63.9%    | 71.9%   | 91.5%    | 93.3%    | 84.6%   |
| Total | 100.0%   | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  |

*Asked to those who are sending children to school (grade 1 - 10)*

**Table 44: QUESTION: Have you ever been asked to participate in the any of the meetings of PTA?**

|       | Total   |         |         | Dhankuta |         |        | Dhanusa |        |        |
|-------|---------|---------|---------|----------|---------|--------|---------|--------|--------|
|       | Total   | VDC     | Muni.   | Total    | VDC     | Muni.  | Total   | VDC    | Muni.  |
|       | N = 641 | N = 502 | N = 139 | N = 518  | N = 425 | N = 93 | N = 123 | N = 77 | N = 46 |
| Yes   | 79.7%   | 83.7%   | 65.5%   | 90.5%    | 91.5%   | 86.0%  | 34.1%   | 40.3%  | 23.9%  |
| No    | 20.3%   | 16.3%   | 34.5%   | 9.5%     | 8.5%    | 14.0%  | 65.9%   | 59.7%  | 76.1%  |
| Total | 100.0%  | 100.0%  | 100.0%  | 100.0%   | 100.0%  | 100.0% | 100.0%  | 100.0% | 100.0% |

*Asked only to those who are aware of PTA (B35 = Yes)*

**Table 45: QUESTION: Are you aware of the process how parents are selected / elected to be in the PTA?**

|       | Total   |         |         | Dhankuta |         |        | Dhanusa |        |        |
|-------|---------|---------|---------|----------|---------|--------|---------|--------|--------|
|       | Total   | VDC     | Muni.   | Total    | VDC     | Muni.  | Total   | VDC    | Muni.  |
|       | N = 641 | N = 502 | N = 139 | N = 518  | N = 425 | N = 93 | N = 123 | N = 77 | N = 46 |
| Yes   | 81.9%   | 83.1%   | 77.7%   | 82.0%    | 83.1%   | 77.4%  | 81.3%   | 83.1%  | 78.3%  |
| No    | 18.1%   | 16.9%   | 22.3%   | 18.0%    | 16.9%   | 22.6%  | 18.7%   | 16.9%  | 21.7%  |
| Total | 100.0%  | 100.0%  | 100.0%  | 100.0%   | 100.0%  | 100.0% | 100.0%  | 100.0% | 100.0% |

*Asked only to those who are aware of PTA (B35 = Yes)*

**Table 46: QUESTION: Can you explain how they are selected / elected to be in the PTA?**

|   | Total   |         |         | Dhankuta |         |        | Dhanusa |        |        |
|---|---------|---------|---------|----------|---------|--------|---------|--------|--------|
|   | Total   | VDC     | Muni.   | Total    | VDC     | Muni.  | Total   | VDC    | Muni.  |
|   | N = 525 | N = 417 | N = 108 | N = 425  | N = 353 | N = 72 | N = 100 | N = 64 | N = 36 |
| Through Election                        | 14.9%   | 13.7%   | 19.4%   | 14.1%    | 12.2%   | 23.6%  | 18.0%   | 21.9%  | 11.1%  |
| Consensus among parents                 | 78.1%   | 82.0%   | 63.0%   | 78.8%    | 83.9%   | 54.2%  | 75.0%   | 71.9%  | 80.6%  |
| Consensus with political parties        | 1.5%    | 1.4%    | 1.9%    | 1.6%     | 1.7%    | 1.4%   | 1.0%    | 0.0%   | 2.8%   |
| Consensus with the headmaster/principal | 3.6%    | 1.9%    | 10.2%   | 3.1%     | 1.1%    | 12.5%  | 6.0%    | 6.3%   | 5.6%   |
| Others                                  | 1.9%    | 1.0%    | 5.6%    | 2.4%     | 1.1%    | 8.3%   | 0.0%    | 0.0%   | 0.0%   |
| Total                                   | 100.0%  | 100.0%  | 100.0%  | 100.0%   | 100.0%  | 100.0% | 100.0%  | 100.0% | 100.0% |

*Asked to those who are aware of the process how parents are selected/elected to be in the PTA (B37 = Yes)*

**Table 418: QUESTION: Are you aware of the School Management Committee (SMC) in your children's school?**

|       | Total    |          |         | Dhankuta |          |         | Dhanusa  |          |         |
|-------|----------|----------|---------|----------|----------|---------|----------|----------|---------|
|       | Total    | VDC      | Muni.   | Total    | VDC      | Muni.   | Total    | VDC      | Muni.   |
|       | N = 2953 | N = 2323 | N = 630 | N = 1509 | N = 1178 | N = 331 | N = 1444 | N = 1145 | N = 299 |
| Yes   | 47.4%    | 51.7%    | 31.9%   | 47.1%    | 49.2%    | 39.6%   | 47.9%    | 54.2%    | 23.4%   |
| No    | 52.6%    | 48.3%    | 68.1%   | 52.9%    | 50.8%    | 60.4%   | 52.1%    | 45.8%    | 76.6%   |
| Total | 100.0%   | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  |

*Asked to those who are sending children to school (grade 1 - 10)*

**Table 48: QUESTION: Have you ever been asked to participate in the any of the meetings of SMC?**

|       | Total    |          |         | Dhankuta |         |         | Dhanusa |         |        |
|-------|----------|----------|---------|----------|---------|---------|---------|---------|--------|
|       | Total    | VDC      | Muni.   | Total    | VDC     | Muni.   | Total   | VDC     | Muni.  |
|       | N = 1401 | N = 1200 | N = 201 | N = 710  | N = 579 | N = 131 | N = 691 | N = 621 | N = 70 |
| Yes   | 66.7%    | 69.8%    | 48.3%   | 79.4%    | 81.9%   | 68.7%   | 53.7%   | 58.6%   | 10.0%  |
| No    | 33.3%    | 30.2%    | 51.7%   | 20.6%    | 18.1%   | 31.3%   | 46.3%   | 41.4%   | 90.0%  |
| Total | 100.0%   | 100.0%   | 100.0%  | 100.0%   | 100.0%  | 100.0%  | 100.0%  | 100.0%  | 100.0% |

*Asked to those who are aware of School Management Committee (B39 = Yes)*

**Table 49: QUESTION: Are you aware of the process how parents are selected / elected to be in the SMC?**

|       | Total    |          |         | Dhankuta |         |         | Dhanusa |         |        |
|-------|----------|----------|---------|----------|---------|---------|---------|---------|--------|
|       | Total    | VDC      | Muni.   | Total    | VDC     | Muni.   | Total   | VDC     | Muni.  |
|       | N = 1401 | N = 1200 | N = 201 | N = 710  | N = 579 | N = 131 | N = 691 | N = 621 | N = 70 |
| Yes   | 82.8%    | 85.0%    | 69.7%   | 78.0%    | 80.3%   | 67.9%   | 87.7%   | 89.4%   | 72.9%  |
| No    | 17.2%    | 15.0%    | 30.3%   | 22.0%    | 19.7%   | 32.1%   | 12.3%   | 10.6%   | 27.1%  |
| Total | 100.0%   | 100.0%   | 100.0%  | 100.0%   | 100.0%  | 100.0%  | 100.0%  | 100.0%  | 100.0% |

*Asked to those who are aware of School Management Committee (B39 = Yes)*

**Table 50: QUESTION: Can you explain how they are selected / elected to be in the SMC?**

|   | Total    |          |         | Dhankuta |         |        | Dhanusa |         |        |
|---|----------|----------|---------|----------|---------|--------|---------|---------|--------|
|   | Total    | VDC      | Muni.   | Total    | VDC     | Muni.  | Total   | VDC     | Muni.  |
|   | N = 1160 | N = 1020 | N = 140 | N = 554  | N = 465 | N = 89 | N = 606 | N = 555 | N = 51 |
| Through Election                        | 40.2%    | 40.3%    | 39.3%   | 28.2%    | 25.6%   | 41.6%  | 51.2%   | 52.6%   | 35.3%  |
| Consensus among parents                 | 52.0%    | 52.8%    | 45.7%   | 65.9%    | 70.1%   | 43.8%  | 39.3%   | 38.4%   | 49.0%  |
| Consensus with political parties        | 2.1%     | 2.0%     | 2.9%    | .7%      | .6%     | 1.1%   | 3.3%    | 3.1%    | 5.9%   |
| Consensus with the headmaster/principal | 5.0%     | 4.8%     | 6.4%    | 3.6%     | 3.4%    | 4.5%   | 6.3%    | 5.9%    | 9.8%   |
| Others                                  | .8%      | .1%      | 5.7%    | 1.6%     | .2%     | 9.0%   | 0.0%    | 0.0%    | 0.0%   |
| Total                                   | 100.0%   | 100.0%   | 100.0%  | 100.0%   | 100.0%  | 100.0% | 100.0%  | 100.0%  | 100.0% |

*Asked to those who are aware of the process how parents are selected/elected to be in the PTA (B37 = Yes)*

**Table 51: QUESTION: Are you represented in the school?**

|       | Total    |          |         | Dhankuta |          |         | Dhanusa  |          |         |
|-------|----------|----------|---------|----------|----------|---------|----------|----------|---------|
|       | Total    | VDC      | Muni.   | Total    | VDC      | Muni.   | Total    | VDC      | Muni.   |
|       | N = 2953 | N = 2323 | N = 630 | N = 1509 | N = 1178 | N = 331 | N = 1444 | N = 1145 | N = 299 |
| Yes   | 11.4%    | 12.0%    | 9.2%    | 17.6%    | 18.9%    | 13.0%   | 4.9%     | 4.9%     | 5.0%    |
| No    | 88.6%    | 88.0%    | 90.8%   | 82.4%    | 81.1%    | 87.0%   | 95.1%    | 95.1%    | 95.0%   |
| Total | 100.0%   | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  |

*Asked to those who are sending children to school (grade 1 - 10)*

**Table 52: QUESTION: If yes, how are you represented?**

|  | Total   |         |        | Dhankuta |         |        | Dhanusa |        |        |
|--|---------|---------|--------|----------|---------|--------|---------|--------|--------|
|  | Total   | VDC     | Muni.  | Total    | VDC     | Muni.  | Total   | VDC    | Muni.  |
|  | N = 337 | N = 279 | N = 58 | N = 266  | N = 223 | N = 43 | N = 71  | N = 56 | N = 15 |
| Through Involvement in the School Management Committee | 78.9%   | 83.5%   | 56.9%  | 81.2%    | 83.4%   | 69.8%  | 70.4%   | 83.9%  | 20.0%  |
| Through Involvement in the Parent Teacher Association  | 35.0%   | 33.3%   | 43.1%  | 38.7%    | 39.5%   | 34.9%  | 21.1%   | 8.9%   | 66.7%  |
| Through Village Education Committee                    | 3.0%    | 3.2%    | 1.7%   | 1.5%     | 1.8%    | 0.0%   | 8.5%    | 8.9%   | 6.7%   |
| Through District Education Committee                   | .6%     | .7%     | 0.0%   | .8%      | .9%     | 0.0%   | 0.0%    | 0.0%   | 0.0%   |
| Through Social Audit Committee                         | 1.5%    | 1.1%    | 3.4%   | 1.9%     | 1.3%    | 4.7%   | 0.0%    | 0.0%   | 0.0%   |
| Through Others   | 1.5%    | 1.1%    | 3.4%   | .8%      | .4%     | 2.3%   | 4.2%    | 3.6%   | 6.7%   |
| Total  | 78.9%   | 83.5%   | 56.9%  | 81.2%    | 83.4%   | 69.8%  | 70.4%   | 83.9%  | 20.0%  |

*Asked to those who are represented in school (B43 = Yes)*

**Table 53: QUESTION: Could you please mention if you/parents can influence the contribution made by VDC/Municipality/DDC to the provision of education to your children?**

|       | Total    |          |         | Dhankuta |          |         | Dhanusa  |          |         |
|-------|----------|----------|---------|----------|----------|---------|----------|----------|---------|
|       | Total    | VDC      | Muni.   | Total    | VDC      | Muni.   | Total    | VDC      | Muni.   |
|       | N = 2953 | N = 2323 | N = 630 | N = 1509 | N = 1178 | N = 331 | N = 1444 | N = 1145 | N = 299 |
| Yes   | 34.9%    | 38.8%    | 20.6%   | 37.2%    | 38.9%    | 31.1%   | 32.6%    | 38.8%    | 9.0%    |
| No    | 65.1%    | 61.2%    | 79.4%   | 62.8%    | 61.1%    | 68.9%   | 67.4%    | 61.2%    | 91.0%   |
| Total | 100.0%   | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  |

*Asked to those who are sending children to school (grade 1 - 10)*

**Table 54: QUESTION: Who do you think should be approached for making complaints regarding quality and service delivery of education in this VDC/Municipality?**

|                                | Total   |          |         | Dhankuta |          |         | Dhanusa  |          |         |
|--------------------------------|---------|----------|---------|----------|----------|---------|----------|----------|---------|
|                                | Total   | VDC      | Muni.   | Total    | VDC      | Muni.   | Total    | VDC      | Muni.   |
|                                | N= 3200 | N = 2500 | N = 700 | N = 1600 | N = 1250 | N = 350 | N = 1600 | N = 1250 | N = 350 |
| School Management Committee    | 37.2%   | 40.4%    | 25.7%   | 56.3%    | 60.4%    | 41.7%   | 18.1%    | 20.4%    | 9.7%    |
| School Headmaster/ Principal   | 83.5%   | 83.8%    | 82.6%   | 83.2%    | 85.4%    | 75.4%   | 83.9%    | 82.2%    | 89.7%   |
| VDC/ Municipality              | 17.4%   | 20.8%    | 5.3%    | 7.6%     | 8.8%     | 3.4%    | 27.1%    | 32.7%    | 7.1%    |
| DDC                            | 2.1%    | 2.4%     | 1.1%    | 3.1%     | 3.4%     | 2.0%    | 1.1%     | 1.4%     | .3%     |
| District Education Office      | 9.1%    | 7.9%     | 13.4%   | 11.5%    | 9.0%     | 20.6%   | 6.7%     | 6.8%     | 6.3%    |
| District Administrative Office | 1.1%    | .8%      | 2.1%    | 1.1%     | .6%      | 2.6%    | 1.1%     | .9%      | 1.7%    |
| Others                         | 1.1%    | .9%      | 1.7%    | 1.6%     | 1.1%     | 3.4%    | .5%      | .6%      | 0.0%    |
| Total                          | 100.0%  | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  |

**Table 55: QUESTION: In comparison to last three years, what is your opinion regarding the quality of education provided by the public schools in your VDC/Municipality?**

|                   | Total   |          |         | Dhankuta |          |         | Dhanusa  |          |         |
|-------------------|---------|----------|---------|----------|----------|---------|----------|----------|---------|
|                   | Total   | VDC      | Muni.   | Total    | VDC      | Muni.   | Total    | VDC      | Muni.   |
|                   | N= 3200 | N = 2500 | N = 700 | N = 1600 | N = 1250 | N = 350 | N = 1600 | N = 1250 | N = 350 |
| Improved          | 63.9%   | 65.8%    | 57.1%   | 70.7%    | 73.0%    | 62.3%   | 57.1%    | 58.5%    | 52.0%   |
| Remained the same | 25.7%   | 25.4%    | 26.7%   | 19.1%    | 17.8%    | 23.4%   | 32.3%    | 33.0%    | 30.0%   |
| Worse             | 6.3%    | 5.3%     | 10.0%   | 5.8%     | 5.4%     | 7.1%    | 6.8%     | 5.1%     | 12.9%   |
| Don't know        | 4.1%    | 3.6%     | 6.1%    | 4.4%     | 3.7%     | 7.1%    | 3.8%     | 3.4%     | 5.1%    |
| Total             | 100.0%  | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  |

**Table 56: QUESTION: In comparison to last three years, what is your opinion regarding the infrastructure of the public schools in your VDC/Municipality?**

|                   | Total   |          |         | Dhankuta |          |         | Dhanusa  |          |         |
|-------------------|---------|----------|---------|----------|----------|---------|----------|----------|---------|
|                   | Total   | VDC      | Muni.   | Total    | VDC      | Muni.   | Total    | VDC      | Muni.   |
|                   | N= 3200 | N = 2500 | N = 700 | N = 1600 | N = 1250 | N = 350 | N = 1600 | N = 1250 | N = 350 |
| Improved          | 71.7%   | 70.6%    | 75.3%   | 83.4%    | 84.0%    | 81.4%   | 59.9%    | 57.3%    | 69.1%   |
| Remained the same | 24.7%   | 26.4%    | 18.4%   | 13.1%    | 13.3%    | 12.3%   | 36.3%    | 39.5%    | 24.6%   |
| Worse             | 1.3%    | 1.1%     | 2.1%    | .6%      | .5%      | 1.1%    | 2.0%     | 1.7%     | 3.1%    |
| Don't know        | 2.4%    | 1.9%     | 4.1%    | 2.9%     | 2.2%     | 5.1%    | 1.9%     | 1.5%     | 3.1%    |
| Total             | 100.0%  | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  |

## Local Road Infrastructure

**Table 519: QUESTION: How frequently do you/your family members travel: Within the VDC/Municipality?**

|                           | Total   |          |         | Dhankuta |          |         | Dhanusa  |          |         |
|---------------------------|---------|----------|---------|----------|----------|---------|----------|----------|---------|
|                           | Total   | VDC      | Muni.   | Total    | VDC      | Muni.   | Total    | VDC      | Muni.   |
|                           | N= 3200 | N = 2500 | N = 700 | N = 1600 | N = 1250 | N = 350 | N = 1600 | N = 1250 | N = 350 |
| Everyday                  | 97.8%   | 97.6%    | 98.7%   | 97.4%    | 96.8%    | 99.7%   | 98.2%    | 98.3%    | 97.7%   |
| 2-3 times a week          | .8%     | .7%      | 1.1%    | .4%      | .5%      | 0.0%    | 1.3%     | 1.0%     | 2.3%    |
| Once a week               | .5%     | .6%      | 0.0%    | .5%      | .6%      | 0.0%    | .4%      | .6%      | 0.0%    |
| 1-2 times a month         | .6%     | .7%      | .1%     | 1.0%     | 1.2%     | .3%     | .1%      | .2%      | 0.0%    |
| 1-2 times in three months | .3%     | .4%      | 0.0%    | .7%      | .9%      | 0.0%    | 0.0%     | 0.0%     | 0.0%    |
| Once a year               | 0.0%    | 0.0%     | 0.0%    | 0.0%     | 0.0%     | 0.0%    | 0.0%     | 0.0%     | 0.0%    |
| Less than once a year     | 0.0%    | 0.0%     | 0.0%    | 0.0%     | 0.0%     | 0.0%    | 0.0%     | 0.0%     | 0.0%    |
| Never                     | 0.0%    | 0.0%     | 0.0%    | 0.0%     | 0.0%     | 0.0%    | 0.0%     | 0.0%     | 0.0%    |
| Total                     | 100.0%  | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  |

**Table 20: QUESTION: How frequently do you/your family members travel: Within the district?**

|                           | Total   |          |         | Dhankuta |          |         | Dhanusa  |          |         |
|---------------------------|---------|----------|---------|----------|----------|---------|----------|----------|---------|
|                           | Total   | VDC      | Muni.   | Total    | VDC      | Muni.   | Total    | VDC      | Muni.   |
|                           | N= 3200 | N = 2500 | N = 700 | N = 1600 | N = 1250 | N = 350 | N = 1600 | N = 1250 | N = 350 |
| Everyday                  | 14.1%   | 16.7%    | 4.9%    | 8.4%     | 9.8%     | 3.4%    | 19.8%    | 23.5%    | 6.3%    |
| 2-3 times a week          | 5.5%    | 5.3%     | 6.3%    | 4.1%     | 3.2%     | 7.4%    | 6.9%     | 7.4%     | 5.1%    |
| Once a week               | 11.0%   | 10.4%    | 12.9%   | 11.8%    | 11.0%    | 14.9%   | 10.1%    | 9.9%     | 10.9%   |
| 1-2 times a month         | 40.2%   | 37.7%    | 49.0%   | 36.4%    | 37.7%    | 31.7%   | 44.0%    | 37.8%    | 66.3%   |
| 1-2 times in three months | 26.8%   | 27.0%    | 26.0%   | 34.9%    | 33.1%    | 41.1%   | 18.8%    | 21.0%    | 10.9%   |
| Once a year               | .9%     | 1.1%     | 0.0%    | 1.4%     | 1.8%     | 0.0%    | .3%      | .4%      | 0.0%    |
| Less than once a year     | .4%     | .4%      | .4%     | .8%      | .9%      | .3%     | .1%      | 0.0%     | .6%     |
| Never                     | 1.1%    | 1.2%     | .6%     | 2.2%     | 2.5%     | 1.1%    | 0.0%     | 0.0%     | 0.0%    |
| Total                     | 100.0%  | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  |

**Table 59: QUESTION: How frequently do you/your family members travel: Outside the district?**

|                           | Total   |          |         | Dhankuta |          |         | Dhanusa  |          |         |
|---------------------------|---------|----------|---------|----------|----------|---------|----------|----------|---------|
|                           | Total   | VDC      | Muni.   | Total    | VDC      | Muni.   | Total    | VDC      | Muni.   |
|                           | N= 3200 | N = 2500 | N = 700 | N = 1600 | N = 1250 | N = 350 | N = 1600 | N = 1250 | N = 350 |
| Everyday                  | .4%     | .4%      | .4%     | .4%      | .3%      | .6%     | .4%      | .5%      | .3%     |
| 2-3 times a week          | .6%     | .5%      | .9%     | .9%      | .7%      | 1.7%    | .3%      | .3%      | 0.0%    |
| Once a week               | 1.3%    | 1.4%     | .9%     | 1.9%     | 2.1%     | 1.4%    | .6%      | .7%      | .3%     |
| 1-2 times a month         | 9.3%    | 8.4%     | 12.6%   | 13.2%    | 11.9%    | 17.7%   | 5.4%     | 4.8%     | 7.4%    |
| 1-2 times in three months | 70.1%   | 68.4%    | 76.0%   | 64.9%    | 62.5%    | 73.7%   | 75.3%    | 74.4%    | 78.3%   |
| Once a year               | 9.5%    | 10.7%    | 5.1%    | 6.9%     | 8.4%     | 1.4%    | 12.1%    | 13.0%    | 8.9%    |
| Less than once a year     | 4.3%    | 4.8%     | 2.6%    | 3.5%     | 4.2%     | .9%     | 5.1%     | 5.4%     | 4.3%    |
| Never                     | 4.5%    | 5.4%     | 1.6%    | 8.3%     | 9.8%     | 2.6%    | .8%      | .9%      | .6%     |
| Total                     | 100.0%  | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  |



**Table 60: QUESTION: Generally which mode of transportation do you / your family members use to travel: Within the VDC/Municipality?**

|                  | Total   |          |         | Dhankuta |          |         | Dhanusa  |          |         |
|------------------|---------|----------|---------|----------|----------|---------|----------|----------|---------|
|                  | Total   | VDC      | Muni.   | Total    | VDC      | Muni.   | Total    | VDC      | Muni.   |
|                  | N= 3200 | N = 2500 | N = 700 | N = 1600 | N = 1250 | N = 350 | N = 1600 | N = 1250 | N = 350 |
| On Foot/ Walking | 78.1%   | 75.9%    | 86.1%   | 81.9%    | 79.5%    | 90.6%   | 74.3%    | 72.2%    | 81.7%   |
| Bicycle          | 11.4%   | 12.7%    | 7.0%    | .3%      | .3%      | .3%     | 22.6%    | 25.0%    | 13.7%   |
| Motorcycle       | 2.5%    | 1.7%     | 5.4%    | 2.2%     | .9%      | 6.9%    | 2.9%     | 2.6%     | 4.0%    |
| Private vehicle  | .3%     | .3%      | 0.0%    | .5%      | .6%      | 0.0%    | 0.0%     | 0.0%     | 0.0%    |
| Public Vehicle   | 7.7%    | 9.4%     | 1.4%    | 15.1%    | 18.6%    | 2.3%    | .3%      | .2%      | .6%     |
| Taxi             | 0.0%    | 0.0%     | 0.0%    | 0.0%     | 0.0%     | 0.0%    | 0.0%     | 0.0%     | 0.0%    |
| Others           | 0.0%    | 0.0%     | 0.0%    | 0.0%     | 0.0%     | 0.0%    | 0.0%     | 0.0%     | 0.0%    |
| Not Applicable   | 0.0%    | 0.0%     | 0.0%    | 0.0%     | 0.0%     | 0.0%    | 0.0%     | 0.0%     | 0.0%    |
| Total            | 100.0%  | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  |

**Table 61: QUESTION: Generally which mode of transportation do you / your family members use to travel: Within the district?**

|                  | Total   |          |         | Dhankuta |          |         | Dhanusa  |          |         |
|------------------|---------|----------|---------|----------|----------|---------|----------|----------|---------|
|                  | Total   | VDC      | Muni.   | Total    | VDC      | Muni.   | Total    | VDC      | Muni.   |
|                  | N= 3200 | N = 2500 | N = 700 | N = 1600 | N = 1250 | N = 350 | N = 1600 | N = 1250 | N = 350 |
| On Foot/ Walking | 6.6%    | 7.6%     | 3.0%    | 9.4%     | 10.5%    | 5.4%    | 3.8%     | 4.6%     | .6%     |
| Bicycle          | 4.8%    | 5.8%     | 1.1%    | .3%      | .3%      | 0.0%    | 9.3%     | 11.3%    | 2.3%    |
| Motorcycle       | 5.6%    | 4.6%     | 8.9%    | 3.6%     | 1.5%     | 10.9%   | 7.6%     | 7.8%     | 6.9%    |
| Private vehicle  | 1.3%    | 1.5%     | .6%     | 1.0%     | 1.2%     | .3%     | 1.6%     | 1.8%     | .9%     |
| Public Vehicle   | 80.6%   | 79.1%    | 85.7%   | 83.4%    | 83.8%    | 82.0%   | 77.7%    | 74.4%    | 89.4%   |
| Taxi             | .1%     | .1%      | 0.0%    | .1%      | .1%      | 0.0%    | .1%      | .2%      | 0.0%    |
| Others           | .1%     | .0%      | .1%     | .1%      | .1%      | .3%     | 0.0%     | 0.0%     | 0.0%    |
| Not Applicable   | 1.1%    | 1.2%     | .6%     | 2.2%     | 2.5%     | 1.1%    | 0.0%     | 0.0%     | 0.0%    |
| Total            | 100.0%  | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  |

**Table 62: QUESTION: Generally which mode of transportation do you / your family members use to travel: Outside the district?**

|                  | Total   |          |         | Dhankuta |          |         | Dhanusa  |          |         |
|------------------|---------|----------|---------|----------|----------|---------|----------|----------|---------|
|                  | Total   | VDC      | Muni.   | Total    | VDC      | Muni.   | Total    | VDC      | Muni.   |
|                  | N= 3200 | N = 2500 | N = 700 | N = 1600 | N = 1250 | N = 350 | N = 1600 | N = 1250 | N = 350 |
| On Foot/ Walking | .0%     | .0%      | 0.0%    | 0.0%     | 0.0%     | 0.0%    | .1%      | .1%      | 0.0%    |
| Bicycle          | .2%     | .3%      | 0.0%    | 0.0%     | 0.0%     | 0.0%    | .4%      | .6%      | 0.0%    |
| Motorcycle       | 2.4%    | 2.4%     | 2.7%    | 1.6%     | .9%      | 4.0%    | 3.3%     | 3.8%     | 1.4%    |
| Private vehicle  | 1.8%    | 2.0%     | .9%     | 1.1%     | 1.0%     | 1.1%    | 2.5%     | 3.0%     | .6%     |
| Public Vehicle   | 90.8%   | 89.7%    | 94.4%   | 88.8%    | 88.1%    | 91.4%   | 92.7%    | 91.4%    | 97.4%   |
| Taxi             | .2%     | .2%      | .1%     | .2%      | .2%      | .3%     | .2%      | .2%      | 0.0%    |
| Others           | .1%     | 0.0%     | .3%     | .1%      | 0.0%     | .6%     | 0.0%     | 0.0%     | 0.0%    |
| Not Applicable   | 4.5%    | 5.4%     | 1.6%    | 8.3%     | 9.8%     | 2.6%    | .8%      | .9%      | .6%     |
| Total            | 100.0%  | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  |

**Table 63: QUESTION: What is your opinion about the quality of transport and roads in your VDC/Municipality: Quality of roads?**

|            | Total   |          |         | Dhankuta |          |         | Dhanusa  |          |         |
|------------|---------|----------|---------|----------|----------|---------|----------|----------|---------|
|            | Total   | VDC      | Muni.   | Total    | VDC      | Muni.   | Total    | VDC      | Muni.   |
|            | N= 3200 | N = 2500 | N = 700 | N = 1600 | N = 1250 | N = 350 | N = 1600 | N = 1250 | N = 350 |
| Don't Know | .4%     | .5%      | .1%     | .3%      | .2%      | .3%     | .6%      | .7%      | 0.0%    |
| Very Bad   | 11.2%   | 10.3%    | 14.6%   | 4.7%     | 5.2%     | 2.9%    | 17.8%    | 15.4%    | 26.3%   |
| Bad        | 40.2%   | 39.2%    | 43.6%   | 28.1%    | 28.3%    | 27.4%   | 52.2%    | 50.1%    | 59.7%   |
| Average    | 36.1%   | 36.8%    | 33.9%   | 50.8%    | 49.8%    | 54.3%   | 21.4%    | 23.7%    | 13.4%   |
| Good       | 10.4%   | 11.2%    | 7.7%    | 14.4%    | 14.2%    | 14.9%   | 6.4%     | 8.1%     | .6%     |
| Very Good  | 1.7%    | 2.1%     | .1%     | 1.8%     | 2.2%     | .3%     | 1.6%     | 2.1%     | 0.0%    |
| Total      | 100.0%  | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  |

**Table 21: QUESTION: What is your opinion about the quality of transport and roads in your VDC/Municipality: Quality of transport?**

|            | Total   |          |         | Dhankuta |          |         | Dhanusa  |          |         |
|------------|---------|----------|---------|----------|----------|---------|----------|----------|---------|
|            | Total   | VDC      | Muni.   | Total    | VDC      | Muni.   | Total    | VDC      | Muni.   |
|            | N= 3200 | N = 2500 | N = 700 | N = 1600 | N = 1250 | N = 350 | N = 1600 | N = 1250 | N = 350 |
| Don't Know | .8%     | .9%      | .4%     | .6%      | .5%      | .9%     | 1.0%     | 1.3%     | 0.0%    |
| Very Bad   | 20.7%   | 25.9%    | 2.0%    | 18.5%    | 23.1%    | 2.0%    | 22.8%    | 28.6%    | 2.0%    |
| Bad        | 22.7%   | 22.5%    | 23.4%   | 18.2%    | 18.2%    | 18.3%   | 27.2%    | 26.8%    | 28.6%   |
| Average    | 42.1%   | 36.2%    | 63.1%   | 45.8%    | 41.0%    | 62.9%   | 38.4%    | 31.4%    | 63.4%   |
| Good       | 12.7%   | 13.2%    | 10.9%   | 15.5%    | 15.4%    | 15.7%   | 9.8%     | 10.9%    | 6.0%    |
| Very Good  | 1.1%    | 1.4%     | .1%     | 1.4%     | 1.8%     | .3%     | .8%      | 1.0%     | 0.0%    |
| Total      | 100.0%  | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  |

**Table 65: QUESTION: In your opinion which entity do you hold MOST RESPONSIBLE for the QUALITY OF RURAL ROADS in your VDC/Municipality?**

|   | Total   |          |         | Dhankuta |          |         | Dhanusa  |          |         |
|---|---------|----------|---------|----------|----------|---------|----------|----------|---------|
|   | Total   | VDC      | Muni.   | Total    | VDC      | Muni.   | Total    | VDC      | Muni.   |
|   | N= 3200 | N = 2500 | N = 700 | N = 1600 | N = 1250 | N = 350 | N = 1600 | N = 1250 | N = 350 |
| Users Committee   | 20.7%   | 20.8%    | 20.3%   | 33.6%    | 34.4%    | 30.9%   | 7.7%     | 7.1%     | 9.7%    |
| VDC   | 62.6%   | 60.5%    | 70.1%   | 42.6%    | 38.9%    | 55.7%   | 82.7%    | 82.2%    | 84.6%   |
| DDC   | 8.8%    | 9.9%     | 5.1%    | 8.9%     | 9.8%     | 6.0%    | 8.8%     | 10.0%    | 4.3%    |
| Department of Local Infrastructure and Agricultural Roads | 6.1%    | 6.9%     | 3.3%    | 11.8%    | 13.4%    | 6.0%    | .4%      | .4%      | .6%     |
| Ministry of Federal Affairs and Local Development         | 1.8%    | 1.9%     | 1.1%    | 3.1%     | 3.5%     | 1.4%    | .4%      | .3%      | .9%     |
| Total   | 100.0%  | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  |

**Table 66: QUESTION: In your opinion which entity do you hold MOST RESPONSIBLE for the QUALITY OF TRANSPORT in your VDC/Municipality?**

|   | Total   |          |         | Dhankuta |          |         | Dhanusa  |          |         |
|---|---------|----------|---------|----------|----------|---------|----------|----------|---------|
|   | Total   | VDC      | Muni.   | Total    | VDC      | Muni.   | Total    | VDC      | Muni.   |
|   | N= 3200 | N = 2500 | N = 700 | N = 1600 | N = 1250 | N = 350 | N = 1600 | N = 1250 | N = 350 |
| VDC   | 65.5%   | 64.1%    | 70.4%   | 50.3%    | 48.4%    | 57.1%   | 80.6%    | 79.8%    | 83.7%   |
| DDC   | 15.9%   | 18.0%    | 8.1%    | 14.9%    | 16.7%    | 8.6%    | 16.8%    | 19.4%    | 7.7%    |
| Department of Local Infrastructure and Agricultural Roads | 2.4%    | 2.3%     | 2.7%    | 4.4%     | 4.3%     | 4.9%    | .3%      | .2%      | .6%     |
| Ministry of Federal Affairs and Local Development         | 1.6%    | 1.6%     | 1.7%    | 2.9%     | 2.9%     | 2.9%    | .4%      | .3%      | .6%     |
| Public sector transport/Bus Companies                     | 12.6%   | 12.4%    | 13.6%   | 24.1%    | 24.6%    | 22.6%   | 1.1%     | .2%      | 4.6%    |
| Private sector transport/Bus Companies                    | 2.0%    | 1.6%     | 3.4%    | 3.3%     | 3.1%     | 4.0%    | .8%      | .2%      | 2.9%    |
| Total   | 100.0%  | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  |

**Table 67: QUESTION: Who do you think should be approached for making complaints regarding quality and service delivery of road and transportation in this VDC/Municipality?**

|                                | Total   |          |         | Dhankuta |          |         | Dhanusa  |          |         |
|--------------------------------|---------|----------|---------|----------|----------|---------|----------|----------|---------|
|                                | Total   | VDC      | Muni.   | Total    | VDC      | Muni.   | Total    | VDC      | Muni.   |
|                                | N= 3200 | N = 2500 | N = 700 | N = 1600 | N = 1250 | N = 350 | N = 1600 | N = 1250 | N = 350 |
| Users Committee                | 28.6%   | 29.8%    | 24.4%   | 44.9%    | 48.2%    | 33.4%   | 12.3%    | 11.4%    | 15.4%   |
| VDC/ Municipality              | 77.9%   | 78.2%    | 76.9%   | 69.3%    | 69.9%    | 67.1%   | 86.5%    | 86.5%    | 86.6%   |
| DDC                            | 20.7%   | 22.6%    | 13.9%   | 21.9%    | 22.9%    | 18.6%   | 19.4%    | 22.2%    | 9.1%    |
| District Administrative Office | 4.8%    | 4.8%     | 4.4%    | 7.9%     | 8.2%     | 6.9%    | 1.6%     | 1.5%     | 2.0%    |
| Others                         | 3.3%    | 1.7%     | 8.9%    | 4.9%     | 2.9%     | 12.3%   | 1.6%     | .6%      | 5.4%    |
| Total                          | 100.0%  | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  |

**Table 68: QUESTION: How much do you pay?**

|  | Total |      |       | Dhankuta |      |       | Dhanusa |      |       |
|--|-------|------|-------|----------|------|-------|---------|------|-------|
|  | Total | VDC  | Muni. | Total    | VDC  | Muni. | Total   | VDC  | Muni. |
|  | Mean  | Mean | Mean  | Mean     | Mean | Mean  | Mean    | Mean | Mean  |
| How much do you pay for transport every month              | 667   | 675  | 639   | 871      | 863  | 900   | 464     | 489  | 378   |
| How much does your household pay for transport every month | 1520  | 1521 | 1520  | 2031     | 2022 | 2064  | 1013    | 1024 | 976   |

**Table 69: QUESTION: Could you please mention if members of your community/village are able to INFLUENCE THE QUALITY OF ROADS in your VDC/Municipality?**

|            | Total   |          |         | Dhankuta |          |         | Dhanusa  |          |         |
|------------|---------|----------|---------|----------|----------|---------|----------|----------|---------|
|            | Total   | VDC      | Muni.   | Total    | VDC      | Muni.   | Total    | VDC      | Muni.   |
|            | N= 3200 | N = 2500 | N = 700 | N = 1600 | N = 1250 | N = 350 | N = 1600 | N = 1250 | N = 350 |
| Yes        | 19.9 %  | 18.7%    | 24.1%   | 22.7%    | 19.9%    | 32.6%   | 17.1%    | 17.4%    | 15.7%   |
| No         | 47.1%   | 46.6%    | 48.9%   | 45.3%    | 47.5%    | 37.4%   | 48.8%    | 45.6%    | 60.3%   |
| Don't Know | 33.1%   | 34.8%    | 27.0%   | 32.0%    | 32.6%    | 30.0%   | 34.1%    | 37.0%    | 24.0%   |
| Total      | 100.0%  | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  |

**Table 69.1: QUESTION: How are the members of your community/village able to influence the quality of roads?**

|  | Total   |         |         | Dhankuta |         |         | Dhanusa |         |        |
|--|---------|---------|---------|----------|---------|---------|---------|---------|--------|
|  | Total   | VDC     | Muni.   | Total    | VDC     | Muni.   | Total   | VDC     | Muni.  |
|  | N = 636 | N = 467 | N = 169 | N = 363  | N = 249 | N = 114 | N = 273 | N = 218 | N = 55 |
| By raising awareness on road related issues                                      | 27.2%   | 25.5%   | 32.0%   | 32.0%    | 30.1%   | 36.0%   | 20.9%   | 20.2%   | 23.6%  |
| By the proper management of roads  | 12.3%   | 6.9%    | 27.2%   | 14.9%    | 9.6%    | 26.3%   | 8.8%    | 3.7%    | 29.1%  |
| By volunteering in road construction/repair and maintenance of roads             | 31.1%   | 30.6%   | 32.5%   | 30.0%    | 32.1%   | 25.4%   | 32.6%   | 28.9%   | 47.3%  |
| By demanding for transparency in expenses  | 14.8%   | 13.7%   | 17.8%   | 14.3%    | 9.6%    | 24.6%   | 15.4%   | 18.3%   | 3.6%   |
| By demanding for the involvement of different stakeholders during planning stage | 3.9%    | 4.7%    | 1.8%    | 6.9%     | 8.8%    | 2.6%    | 0.0%    | 0.0%    | 0.0%   |
| By offering resources (labor, land, money)                                       | 7.4%    | 8.4%    | 4.7%    | 8.5%     | 10.0%   | 5.3%    | 5.9%    | 6.4%    | 3.6%   |
| By empowering local people   | .8%     | 1.1%    | 0.0%    | 1.4%     | 2.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%   |
| By requesting for necessary budget   | 7.5%    | 6.9%    | 9.5%    | 6.9%     | 8.0%    | 4.4%    | 8.4%    | 5.5%    | 20.0%  |
| By seeking recommendations from different authorities                            | 3.3%    | 3.0%    | 4.1%    | 5.0%     | 4.4%    | 6.1%    | 1.1%    | 1.4%    | 0.0%   |
| By being helpful and active engagement/involvement in different tasks            | 24.1%   | 25.3%   | 20.7%   | 23.4%    | 23.7%   | 22.8%   | 24.9%   | 27.1%   | 16.4%  |
| By requesting for timely maintenance and repair works of nearby roads            | 1.9%    | .9%     | 4.7%    | 1.4%     | .8%     | 2.6%    | 2.6%    | .9%     | 9.1%   |

**Table 70: QUESTION: Could you please mention if members of your community/village are able to INFLUENCE SPENDING ON NEW ROADS in your VDC/Municipality?**

|            | Total   |          |         | Dhankuta |          |         | Dhanusa  |          |         |
|------------|---------|----------|---------|----------|----------|---------|----------|----------|---------|
|            | Total   | VDC      | Muni.   | Total    | VDC      | Muni.   | Total    | VDC      | Muni.   |
|            | N= 3200 | N = 2500 | N = 700 | N = 1600 | N = 1250 | N = 350 | N = 1600 | N = 1250 | N = 350 |
| Yes        | 14.9%   | 13.6%    | 19.7%   | 18.0%    | 14.1%    | 32.0%   | 11.8%    | 13.0%    | 7.4%    |
| No         | 50.8%   | 50.5%    | 51.7%   | 49.2%    | 52.7%    | 36.6%   | 52.3%    | 48.2%    | 66.9%   |
| Don't Know | 34.3%   | 36.0%    | 28.6%   | 32.8%    | 33.2%    | 31.4%   | 35.9%    | 38.7%    | 25.7%   |
| Total      | 100.0%  | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  |

**Table 70.1: QUESTION: How are the members of your community/village able to influence the spending on new roads?**

|   | Total   |         |         | Dhankuta |         |         | Dhanusa |         |        |
|---|---------|---------|---------|----------|---------|---------|---------|---------|--------|
|   | Total   | VDC     | Muni.   | Total    | VDC     | Muni.   | Total   | VDC     | Muni.  |
|   | N = 477 | N = 339 | N = 138 | N = 288  | N = 176 | N = 112 | N = 189 | N = 163 | N = 26 |
| By demanding for proper utilization and transparency of budget  | 28.5%   | 33.3%   | 16.7%   | 22.6%    | 24.4%   | 19.6%   | 37.6%   | 42.9%   | 3.8%   |
| By being aware and concerned regarding the road infrastructure  | 1.0%    | 1.2%    | .7%     | 1.0%     | 1.1%    | .9%     | 1.1%    | 1.2%    | 0.0%   |
| By offering resources (land, labor, money)  | 69.6%   | 65.5%   | 79.7%   | 79.2%    | 78.4%   | 80.4%   | 55.0%   | 51.5%   | 76.9%  |
| By seeking recommendations from different authorities   | .4%     | .6%     | 0.0%    | .7%      | 1.1%    | 0.0%    | 0.0%    | 0.0%    | 0.0%   |
| By giving out application for construction of roads where there is none                               | 3.1%    | 1.5%    | 7.2%    | 2.8%     | 1.1%    | 5.4%    | 3.7%    | 1.8%    | 15.4%  |
| By assuring that the work progresses only after the consensus between Local authorities and villagers | 2.3%    | .3%     | 7.2%    | 3.1%     | .6%     | 7.1%    | 1.1%    | 0.0%    | 7.7%   |
| By paying taxes on time   | .2%     | 0.0%    | .7%     | .3%      | 0.0%    | .9%     | 0.0%    | 0.0%    | 0.0%   |
| By making collective request for budget/financial assistance  | 8.4%    | 8.0%    | 9.4%    | 8.3%     | 8.5%    | 8.0%    | 8.5%    | 7.4%    | 15.4%  |

**Table 71: QUESTION: In comparison to last three years, what is your opinion regarding the quality of roads and transport in your VDC/Municipality?**

|                   | Total    |          |         | Dhankuta |          |         | Dhanusa  |          |         |
|-------------------|----------|----------|---------|----------|----------|---------|----------|----------|---------|
|                   | Total    | VDC      | Muni.   | Total    | VDC      | Muni.   | Total    | VDC      | Muni.   |
|                   | N = 3200 | N = 2500 | N = 700 | N = 1600 | N = 1250 | N = 350 | N = 1600 | N = 1250 | N = 350 |
| Improved          | 37.9%    | 38.5%    | 35.9%   | 57.4%    | 58.1%    | 54.9%   | 18.5%    | 19.0%    | 16.9%   |
| Remained the same | 49.7%    | 50.4%    | 47.3%   | 34.6%    | 35.5%    | 31.4%   | 64.8%    | 65.3%    | 63.1%   |
| Worse             | 11.0%    | 10.1%    | 14.3%   | 6.2%     | 5.2%     | 9.7%    | 15.8%    | 15.0%    | 18.9%   |
| Don't know        | 1.3%     | 1.0%     | 2.6%    | 1.8%     | 1.2%     | 4.0%    | .9%      | .8%      | 1.1%    |
| Total             | 100.0%   | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  |

**Table 72: QUESTION: In comparison to last three years, what is your opinion regarding the road infrastructure in your VDC/Municipality?**

|                   | Total    |          |         | Dhankuta |          |         | Dhanusa  |          |         |
|-------------------|----------|----------|---------|----------|----------|---------|----------|----------|---------|
|                   | Total    | VDC      | Muni.   | Total    | VDC      | Muni.   | Total    | VDC      | Muni.   |
|                   | N = 3200 | N = 2500 | N = 700 | N = 1600 | N = 1250 | N = 350 | N = 1600 | N = 1250 | N = 350 |
| Improved          | 50.3%    | 49.4%    | 53.6%   | 73.4%    | 73.1%    | 74.3%   | 27.2%    | 25.6%    | 32.9%   |
| Remained the same | 42.5%    | 43.7%    | 38.1%   | 22.8%    | 23.4%    | 20.9%   | 62.1%    | 64.0%    | 55.4%   |
| Worse             | 5.8%     | 5.8%     | 5.7%    | 1.9%     | 2.2%     | .9%     | 9.7%     | 9.4%     | 10.6%   |
| Don't know        | 1.5%     | 1.2%     | 2.6%    | 1.9%     | 1.4%     | 4.0%    | 1.0%     | 1.0%     | 1.1%    |
| Total             | 100.0%   | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  |

## Other Public Services and General Perceptions of Trustworthiness

**Table 73: QUESTION: Please give your opinion on the importance of the following public services to be delivered in your VDC/Municipality: Education**

|                      | Total   |          |         | Dhankuta |          |         | Dhanusa  |          |         |
|----------------------|---------|----------|---------|----------|----------|---------|----------|----------|---------|
|                      | Total   | VDC      | Muni.   | Total    | VDC      | Muni.   | Total    | VDC      | Muni.   |
|                      | N= 3200 | N = 2500 | N = 700 | N = 1600 | N = 1250 | N = 350 | N = 1600 | N = 1250 | N = 350 |
| Not at all important | 0.0%    | 0.0%     | 0.0%    | 0.0%     | 0.0%     | 0.0%    | 0.0%     | 0.0%     | 0.0%    |
| Slightly important   | .8%     | .7%      | 1.3%    | .9%      | 1.0%     | .3%     | .8%      | .4%      | 2.3%    |
| Moderately important | 10.7%   | 10.3%    | 12.1%   | 13.3%    | 13.8%    | 11.4%   | 8.1%     | 6.7%     | 12.9%   |
| Very important       | 43.7%   | 42.8%    | 47.0%   | 44.0%    | 44.7%    | 41.4%   | 43.4%    | 40.8%    | 52.6%   |
| Extremely important  | 44.8%   | 46.2%    | 39.6%   | 41.8%    | 40.4%    | 46.9%   | 47.8%    | 52.1%    | 32.3%   |
| Total                | 100.0%  | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  |

**Table 74: QUESTION: Please give your opinion on the importance of the following public services to be delivered in your VDC/Municipality: Health**

|                      | Total   |          |         | Dhankuta |          |         | Dhanusa  |          |         |
|----------------------|---------|----------|---------|----------|----------|---------|----------|----------|---------|
|                      | Total   | VDC      | Muni.   | Total    | VDC      | Muni.   | Total    | VDC      | Muni.   |
|                      | N= 3200 | N = 2500 | N = 700 | N = 1600 | N = 1250 | N = 350 | N = 1600 | N = 1250 | N = 350 |
| Not at all important | 0.0%    | 0.0%     | 0.0%    | 0.0%     | 0.0%     | 0.0%    | 0.0%     | 0.0%     | 0.0%    |
| Slightly important   | .7%     | .5%      | 1.4%    | .3%      | .4%      | 0.0%    | 1.1%     | .6%      | 2.9%    |
| Moderately important | 10.3%   | 10.0%    | 11.6%   | 11.6%    | 11.8%    | 10.9%   | 9.1%     | 8.2%     | 12.3%   |
| Very important       | 42.3%   | 43.0%    | 39.4%   | 37.3%    | 39.2%    | 30.6%   | 47.2%    | 46.9%    | 48.3%   |
| Extremely important  | 46.7%   | 46.4%    | 47.6%   | 50.8%    | 48.6%    | 58.6%   | 42.6%    | 44.2%    | 36.6%   |
| Total                | 100.0%  | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  |

**Table75: QUESTION: Please give your opinion on the importance of the following public services to be delivered in your VDC/Municipality: Roads**

|                      | Total   |          |         | Dhankuta |          |         | Dhanusa  |          |         |
|----------------------|---------|----------|---------|----------|----------|---------|----------|----------|---------|
|                      | Total   | VDC      | Muni.   | Total    | VDC      | Muni.   | Total    | VDC      | Muni.   |
|                      | N= 3200 | N = 2500 | N = 700 | N = 1600 | N = 1250 | N = 350 | N = 1600 | N = 1250 | N = 350 |
| Not at all important | .0%     | .0%      | 0.0%    | .1%      | .1%      | 0.0%    | 0.0%     | 0.0%     | 0.0%    |
| Slightly important   | 1.5%    | 1.3%     | 2.3%    | .4%      | .5%      | .3%     | 2.6%     | 2.1%     | 4.3%    |
| Moderately important | 16.7%   | 15.4%    | 21.1%   | 14.1%    | 12.1%    | 21.1%   | 19.3%    | 18.8%    | 21.1%   |
| Very important       | 40.6%   | 39.1%    | 45.9%   | 40.0%    | 39.3%    | 42.6%   | 41.1%    | 38.9%    | 49.1%   |
| Extremely important  | 41.2%   | 44.2%    | 30.7%   | 45.4%    | 48.1%    | 36.0%   | 37.0%    | 40.2%    | 25.4%   |
| Total                | 100.0%  | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  |

**Table 76: QUESTION: Please give your opinion on the importance of the following public services to be delivered in your VDC/Municipality: Water/Sanitation**

|                      | Total  |        |        | Dhankuta |        |        | Dhanusa |        |        |
|----------------------|--------|--------|--------|----------|--------|--------|---------|--------|--------|
|                      | Total  | VDC    | Muni.  | Total    | VDC    | Muni.  | Total   | VDC    | Muni.  |
|                      | N=3200 | N=2500 | N=700  | N=1600   | N=1250 | N=350  | N=1600  | N=1250 | N=350  |
| Not at all important | .0%    | .0%    | 0.0%   | .1%      | .1%    | 0.0%   | 0.0%    | 0.0%   | 0.0%   |
| Slightly important   | 1.7%   | 1.5%   | 2.3%   | 1.1%     | 1.0%   | 1.1%   | 2.3%    | 2.0%   | 3.4%   |
| Moderately important | 23.4%  | 25.1%  | 17.4%  | 22.1%    | 25.1%  | 11.4%  | 24.8%   | 25.1%  | 23.4%  |
| Very important       | 43.1%  | 45.6%  | 34.1%  | 37.3%    | 40.4%  | 26.3%  | 48.9%   | 50.8%  | 42.0%  |
| Extremely important  | 31.8%  | 27.7%  | 46.1%  | 39.4%    | 33.4%  | 61.1%  | 24.1%   | 22.1%  | 31.1%  |
| Total                | 100.0% | 100.0% | 100.0% | 100.0%   | 100.0% | 100.0% | 100.0%  | 100.0% | 100.0% |

**Table 77: QUESTION: Please give your opinion on the importance of the following public services to be delivered in your VDC/Municipality: Electrification**

|                      | Total  |        |        | Dhankuta |        |        | Dhanusa |        |        |
|----------------------|--------|--------|--------|----------|--------|--------|---------|--------|--------|
|                      | Total  | VDC    | Muni.  | Total    | VDC    | Muni.  | Total   | VDC    | Muni.  |
|                      | N=3200 | N=2500 | N=700  | N=1600   | N=1250 | N=350  | N=1600  | N=1250 | N=350  |
| Not at all important | .1%    | .1%    | 0.0%   | .1%      | .1%    | 0.0%   | .1%     | .1%    | 0.0%   |
| Slightly important   | 4.8%   | 4.8%   | 4.7%   | 2.3%     | 2.5%   | 1.4%   | 7.3%    | 7.1%   | 8.0%   |
| Moderately important | 34.5%  | 36.6%  | 27.1%  | 29.9%    | 33.2%  | 18.0%  | 39.1%   | 39.9%  | 36.3%  |
| Very important       | 41.9%  | 42.3%  | 40.4%  | 43.0%    | 43.0%  | 43.1%  | 40.8%   | 41.6%  | 37.7%  |
| Extremely important  | 18.8%  | 16.3%  | 27.7%  | 24.8%    | 21.3%  | 37.4%  | 12.8%   | 11.3%  | 18.0%  |
| Total                | 100.0% | 100.0% | 100.0% | 100.0%   | 100.0% | 100.0% | 100.0%  | 100.0% | 100.0% |

**Table 78: QUESTION: Please give your opinion on the importance of the following public services to be delivered in your VDC/Municipality: Communication**

|                      | Total  |        |        | Dhankuta |        |        | Dhanusa |        |        |
|----------------------|--------|--------|--------|----------|--------|--------|---------|--------|--------|
|                      | Total  | VDC    | Muni.  | Total    | VDC    | Muni.  | Total   | VDC    | Muni.  |
|                      | N=3200 | N=2500 | N=700  | N=1600   | N=1250 | N=350  | N=1600  | N=1250 | N=350  |
| Not at all important | .3%    | .2%    | .3%    | .1%      | .1%    | 0.0%   | .4%     | .4%    | .6%    |
| Slightly important   | 7.1%   | 7.2%   | 7.0%   | 6.5%     | 7.8%   | 1.7%   | 7.8%    | 6.5%   | 12.3%  |
| Moderately important | 39.7%  | 41.1%  | 34.7%  | 43.4%    | 47.0%  | 30.9%  | 35.9%   | 35.2%  | 38.6%  |
| Very important       | 40.3%  | 41.0%  | 37.7%  | 34.9%    | 33.1%  | 41.4%  | 45.6%   | 48.8%  | 34.0%  |
| Extremely important  | 12.7%  | 10.6%  | 20.3%  | 15.1%    | 12.0%  | 26.0%  | 10.3%   | 9.1%   | 14.6%  |
| Total                | 100.0% | 100.0% | 100.0% | 100.0%   | 100.0% | 100.0% | 100.0%  | 100.0% | 100.0% |

**Table 79: QUESTION: Please give your opinion on the importance of the following public services to be delivered in your VDC/Municipality: Legal registrations and permits**

|                      | Total   |          |         | Dhankuta |          |         | Dhanusa  |          |         |
|----------------------|---------|----------|---------|----------|----------|---------|----------|----------|---------|
|                      | Total   | VDC      | Muni.   | Total    | VDC      | Muni.   | Total    | VDC      | Muni.   |
|                      | N= 3200 | N = 2500 | N = 700 | N = 1600 | N = 1250 | N = 350 | N = 1600 | N = 1250 | N = 350 |
| Not at all important | .6%     | .6%      | .7%     | .4%      | .5%      | .3%     | .8%      | .7%      | 1.1%    |
| Slightly important   | 7.3%    | 7.2%     | 7.4%    | 5.1%     | 5.9%     | 2.0%    | 9.5%     | 8.6%     | 12.9%   |
| Moderately important | 29.9%   | 30.0%    | 29.4%   | 29.3%    | 29.6%    | 28.3%   | 30.4%    | 30.4%    | 30.6%   |
| Very important       | 41.8%   | 42.5%    | 39.3%   | 42.3%    | 44.2%    | 35.7%   | 41.3%    | 40.9%    | 42.9%   |
| Extremely important  | 20.4%   | 19.6%    | 23.1%   | 22.9%    | 19.8%    | 33.7%   | 17.9%    | 19.4%    | 12.6%   |
| Total                | 100.0%  | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  |

**Table 80: QUESTION: Could you please mention your level of trust/confidence in the following institutions: VDC/Municipality**

|                        | Total   |          |         | Dhankuta |          |         | Dhanusa  |          |         |
|------------------------|---------|----------|---------|----------|----------|---------|----------|----------|---------|
|                        | Total   | VDC      | Muni.   | Total    | VDC      | Muni.   | Total    | VDC      | Muni.   |
|                        | N= 3200 | N = 2500 | N = 700 | N = 1600 | N = 1250 | N = 350 | N = 1600 | N = 1250 | N = 350 |
| Not trustworthy at all | 10.8%   | 8.7%     | 18.0%   | 2.5%     | 1.9%     | 4.6%    | 19.0%    | 15.5%    | 31.4%   |
| Slightly trustworthy   | 17.7%   | 15.2%    | 26.6%   | 12.8%    | 10.9%    | 19.7%   | 22.5%    | 19.4%    | 33.4%   |
| Moderately trustworthy | 43.9%   | 45.1%    | 39.7%   | 51.7%    | 51.7%    | 51.7%   | 36.2%    | 38.6%    | 27.7%   |
| Very trustworthy       | 22.1%   | 24.6%    | 13.3%   | 27.9%    | 30.3%    | 19.1%   | 16.3%    | 18.8%    | 7.4%    |
| Completely trustworthy | 5.6%    | 6.4%     | 2.4%    | 5.1%     | 5.2%     | 4.9%    | 6.0%     | 7.7%     | 0.0%    |
| Total                  | 100.0%  | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  |

**Table 81: QUESTION: Could you please mention your level of trust/confidence in the following institutions: DDC**

|                        | Total   |          |         | Dhankuta |          |         | Dhanusa  |          |         |
|------------------------|---------|----------|---------|----------|----------|---------|----------|----------|---------|
|                        | Total   | VDC      | Muni.   | Total    | VDC      | Muni.   | Total    | VDC      | Muni.   |
|                        | N= 3200 | N = 2500 | N = 700 | N = 1600 | N = 1250 | N = 350 | N = 1600 | N = 1250 | N = 350 |
| Not trustworthy at all | 9.7%    | 7.5%     | 17.6%   | 1.4%     | 1.4%     | 1.4%    | 17.9%    | 13.5%    | 9.7%    |
| Slightly trustworthy   | 24.5%   | 23.0%    | 29.6%   | 16.5%    | 16.1%    | 18.0%   | 32.4%    | 30.0%    | 24.5%   |
| Moderately trustworthy | 45.4%   | 47.2%    | 39.0%   | 58.9%    | 59.0%    | 58.9%   | 31.9%    | 35.4%    | 45.4%   |
| Very trustworthy       | 18.7%   | 20.8%    | 11.0%   | 20.8%    | 22.0%    | 16.3%   | 16.6%    | 19.6%    | 18.7%   |
| Completely trustworthy | 1.8%    | 1.5%     | 2.9%    | 2.4%     | 1.5%     | 5.4%    | 1.2%     | 1.4%     | 1.8%    |
| Total                  | 100.0%  | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  |

**Table 82: QUESTION: Could you please mention your level of trust/confidence in the following institutions: District Education Office**

|                        | Total   |          |         | Dhankuta |          |         | Dhanusa  |          |         |
|------------------------|---------|----------|---------|----------|----------|---------|----------|----------|---------|
|                        | Total   | VDC      | Muni.   | Total    | VDC      | Muni.   | Total    | VDC      | Muni.   |
|                        | N= 3200 | N = 2500 | N = 700 | N = 1600 | N = 1250 | N = 350 | N = 1600 | N = 1250 | N = 350 |
| Not trustworthy at all | 5.7%    | 4.2%     | 11.3%   | 1.3%     | 1.3%     | 1.1%    | 10.2%    | 7.0%     | 21.4%   |
| Slightly trustworthy   | 22.0%   | 21.4%    | 24.4%   | 16.6%    | 17.8%    | 12.0%   | 27.5%    | 24.9%    | 36.9%   |
| Moderately trustworthy | 47.0%   | 47.8%    | 44.0%   | 54.4%    | 54.0%    | 55.7%   | 39.6%    | 41.7%    | 32.3%   |
| Very trustworthy       | 21.3%   | 22.7%    | 16.1%   | 24.2%    | 24.3%    | 23.7%   | 18.4%    | 21.1%    | 8.6%    |
| Completely trustworthy | 4.0%    | 3.9%     | 4.1%    | 3.6%     | 2.6%     | 7.4%    | 4.3%     | 5.3%     | .9%     |
| Total                  | 100.0%  | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  |



**Table 83: QUESTION: Could you please mention your level of trust/confidence in the following institutions: District Administration Office**

|                        | Total   |          |         | Dhankuta |          |         | Dhanusa  |          |         |
|------------------------|---------|----------|---------|----------|----------|---------|----------|----------|---------|
|                        | Total   | VDC      | Muni.   | Total    | VDC      | Muni.   | Total    | VDC      | Muni.   |
|                        | N= 3200 | N = 2500 | N = 700 | N = 1600 | N = 1250 | N = 350 | N = 1600 | N = 1250 | N = 350 |
| Not trustworthy at all | 5.7%    | 5.0%     | 8.0%    | 1.6%     | 1.3%     | 2.9%    | 9.7%     | 8.7%     | 13.1%   |
| Slightly trustworthy   | 16.2%   | 14.7%    | 21.4%   | 12.6%    | 12.8%    | 11.7%   | 19.8%    | 16.6%    | 31.1%   |
| Moderately trustworthy | 49.6%   | 50.1%    | 47.9%   | 53.2%    | 53.6%    | 51.7%   | 46.1%    | 46.6%    | 44.0%   |
| Very trustworthy       | 22.9%   | 24.4%    | 17.6%   | 28.0%    | 28.9%    | 24.9%   | 17.8%    | 19.9%    | 10.3%   |
| Completely trustworthy | 5.6%    | 5.8%     | 5.1%    | 4.6%     | 3.4%     | 8.9%    | 6.6%     | 8.1%     | 1.4%    |
| Total                  | 100.0%  | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  |

**Table 84: QUESTION: Could you please mention your level of trust/confidence in the following institutions: District Police Office**

|                        | Total   |          |         | Dhankuta |          |         | Dhanusa  |          |         |
|------------------------|---------|----------|---------|----------|----------|---------|----------|----------|---------|
|                        | Total   | VDC      | Muni.   | Total    | VDC      | Muni.   | Total    | VDC      | Muni.   |
|                        | N= 3200 | N = 2500 | N = 700 | N = 1600 | N = 1250 | N = 350 | N = 1600 | N = 1250 | N = 350 |
| Not trustworthy at all | 6.0%    | 5.3%     | 8.4%    | 4.2%     | 3.2%     | 7.7%    | 7.8%     | 7.4%     | 9.1%    |
| Slightly trustworthy   | 21.4%   | 22.5%    | 17.3%   | 21.1%    | 23.0%    | 14.6%   | 21.6%    | 22.1%    | 20.0%   |
| Moderately trustworthy | 43.2%   | 41.8%    | 48.1%   | 47.2%    | 47.1%    | 47.4%   | 39.1%    | 36.4%    | 48.9%   |
| Very trustworthy       | 25.8%   | 26.9%    | 21.9%   | 23.8%    | 23.6%    | 24.3%   | 27.8%    | 30.2%    | 19.4%   |
| Completely trustworthy | 3.7%    | 3.6%     | 4.3%    | 3.8%     | 3.1%     | 6.0%    | 3.7%     | 4.0%     | 2.6%    |
| Total                  | 100.0%  | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  |

**Table 85: QUESTION: Could you please mention your level of trust/confidence in the following institutions: District Court**

|                        | Total   |          |         | Dhankuta |          |         | Dhanusa  |          |         |
|------------------------|---------|----------|---------|----------|----------|---------|----------|----------|---------|
|                        | Total   | VDC      | Muni.   | Total    | VDC      | Muni.   | Total    | VDC      | Muni.   |
|                        | N= 3200 | N = 2500 | N = 700 | N = 1600 | N = 1250 | N = 350 | N = 1600 | N = 1250 | N = 350 |
| Not trustworthy at all | 4.2%    | 3.8%     | 5.9%    | 2.1%     | 2.2%     | 1.7%    | 6.4%     | 5.4%     | 10.0%   |
| Slightly trustworthy   | 16.5%   | 16.1%    | 18.0%   | 15.3%    | 18.2%    | 5.1%    | 17.7%    | 14.0%    | 30.9%   |
| Moderately trustworthy | 39.3%   | 39.1%    | 40.0%   | 44.1%    | 44.6%    | 42.3%   | 34.6%    | 33.7%    | 37.7%   |
| Very trustworthy       | 26.5%   | 26.8%    | 25.6%   | 25.4%    | 23.3%    | 33.1%   | 27.6%    | 30.3%    | 18.0%   |
| Completely trustworthy | 13.4%   | 14.2%    | 10.6%   | 13.1%    | 11.8%    | 17.7%   | 13.8%    | 16.6%    | 3.4%    |
| Total                  | 100.0%  | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  | 100.0%   | 100.0%   | 100.0%  |

## ANNEX 6: LOCAL BODY REVENUES AND EXPENDITURE – VARIOUS DATA SHEETS

### VDC SOURCES OF REVENUE

#### DHANUSA: VDC REVENUES

| Revenue                        | All Dhanusa VDCs  |               |                   |               |                   |               |                   |               |
|--------------------------------|-------------------|---------------|-------------------|---------------|-------------------|---------------|-------------------|---------------|
|                                | 2009/10           |               | 2010/11           |               | 2011/12           |               | All years         |               |
|                                | NRs               | % of total    | NRs               | % of total    | NRs               | % of total    | NRs               | % of total    |
| Balance B/Fwd                  | 1,102,804         | 4.79          | 690,585           | 3.42          | 423,265           | 1.91          | 2,216,654         | 3.39          |
| Own source and shared revenues | 226,613           | 0.98          | 182,258           | 0.90          | 405,741           | 1.83          | 814,611           | 1.25          |
| GoN block grants (capital)     | 7,610,066         | 33.07         | 5,370,222         | 26.61         | 3,611,579         | 16.33         | 16,591,867        | 25.40         |
| GoN block grants (recurrent)   | 1,802,600         | 7.83          | 2,187,204         | 10.84         | 1,500,000         | 6.78          | 5,489,804         | 8.41          |
| Other grants                   | 881,346           | 3.83          | 17,700            | 0.09          | 53,405            | 0.24          | 952,451           | 1.46          |
| GoN social security transfers  | 10,530,000        | 45.76         | 2,136,000         | 10.58         | 12,553,600        | 56.75         | 25,219,600        | 38.61         |
| DDC grants                     | -                 | -             | -                 | -             | -                 | -             | -                 | -             |
| Advances, settlements etc.     | 531,761           | 2.31          | 9,568,090         | 47.41         | 3,516,084         | 15.89         | 13,615,935        | 20.85         |
| Other                          | 326,670           | 1.42          | 29,769            | 0.15          | 57,415            | 0.26          | 413,853           | 0.63          |
| <b>Totals</b>                  | <b>23,011,859</b> | <b>100.00</b> | <b>20,181,828</b> | <b>100.00</b> | <b>22,121,088</b> | <b>100.00</b> | <b>65,314,775</b> | <b>100.00</b> |

#### DHANKUTA: VDC REVENUES

| Revenue                        | All Dhankuta VDCs |               |                   |               |                   |               |                   |               |
|--------------------------------|-------------------|---------------|-------------------|---------------|-------------------|---------------|-------------------|---------------|
|                                | 2009/10           |               | 2010/11           |               | 2011/12           |               | All years         |               |
|                                | NRs               | % of total    | NRs               | % of total    | NRs               | % of total    | NRs               | % of total    |
| Balance B/Fwd                  | 706,796           | 3.83          | 1,361,349         | 6.65          | 2,370,216         | 11.66         | 4,438,361         | 7.49          |
| Own source and shared revenues | 237,821           | 1.29          | 483,250           | 2.36          | 865,268           | 4.26          | 1,586,339         | 2.68          |
| GoN block grants (capital)     | 7,994,190         | 43.34         | 8,445,675         | 41.24         | 7,099,797         | 34.93         | 23,539,662        | 39.73         |
| GoN block grants (recurrent)   | 2,019,998         | 10.95         | 2,020,000         | 9.86          | 2,020,000         | 9.94          | 6,059,998         | 10.23         |
| Other grants                   | 1,751,923         | 9.50          | 1,948,889         | 9.52          | 2,066,407         | 10.17         | 5,767,219         | 9.73          |
| GoN social security transfers  | 4,622,800         | 25.06         | 4,877,000         | 23.81         | 4,237,400         | 20.85         | 13,737,200        | 23.19         |
| DDC grants                     | 619,900           | 3.36          | 560,000           | 2.73          | 806,202           | 3.97          | 1,986,102         | 3.35          |
| Other                          | 491,013           | 2.66          | 782,639           | 3.82          | 861,382           | 4.24          | 2,135,034         | 3.60          |
| <b>Totals</b>                  | <b>18,444,441</b> | <b>100.00</b> | <b>20,478,802</b> | <b>100.00</b> | <b>20,326,672</b> | <b>100.00</b> | <b>59,249,915</b> | <b>100.00</b> |

Figure 15: Dhanusa VDCs revenue sources 2009/12

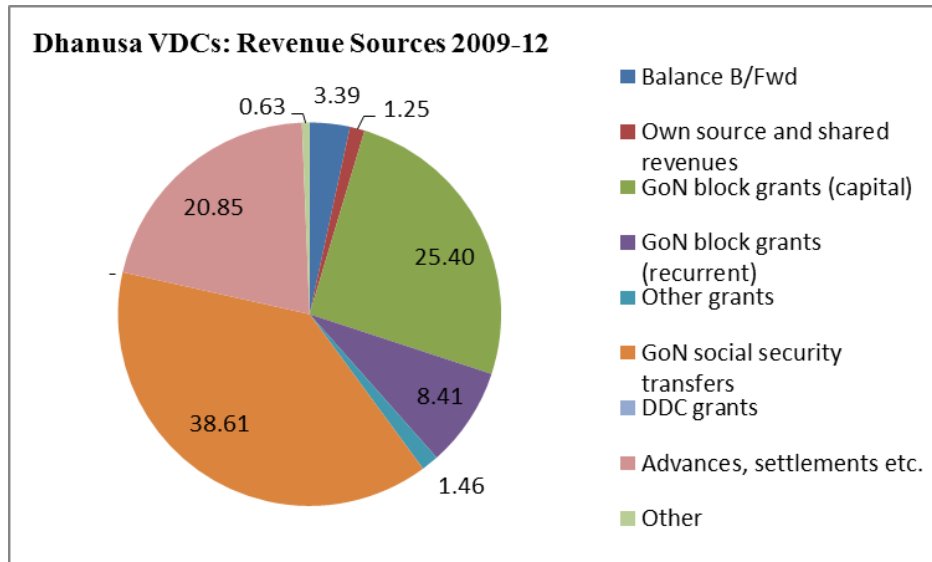
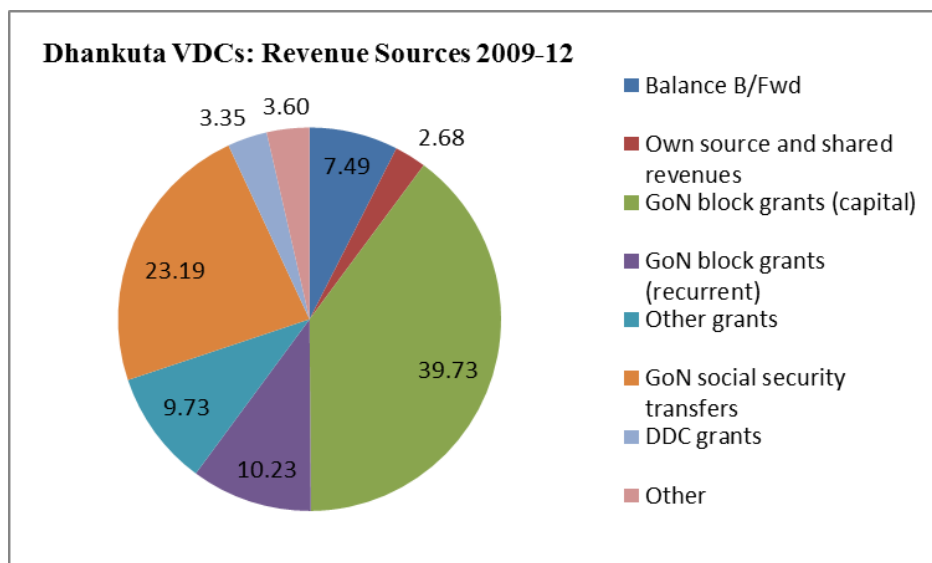


Figure 16: Dhankuta VDCs revenue sources 2009/12



## VDC EXPENDITURE IN DHANKUTA AND DHANUSA DISTRICTS

### Expenditure Dhankuta VDC

| SECTOR/ACTIVITY                        | ALL DHANKUTA VDCs |               |                   |               |                   |               |                   |               |
|--|-------------------|---------------|-------------------|---------------|-------------------|---------------|-------------------|---------------|
|  | 2009/10           |               | 2010/11           |               | 2011/12           |               | All years         |               |
|  | NRs               | % of total    | NRs               | % of total    | NRs               | % of total    | NRs               | % of total    |
|  |                   |               |                   |               |                   |               |                   |               |
| Administrative                         | 2,453,470         | 12.80         | 3,027,139         | 16.64         | 2,760,121         | 15.84         | 8,240,730         | 15.04         |
| Social security and social protection  | 5,563,213         | 29.03         | 6,081,291         | 33.42         | 6,135,200         | 35.22         | 17,779,704        | 32.46         |
| Capital expenditure (no breakdown)     | 0                 | 0.00          | 0                 | 0.00          | 1,424,000         | 8.17          | 1,424,000         | 2.60          |
| Target group activities (no breakdown) | 1,161,391         | 6.06          | 889,604           | 4.89          | 1,340,150         | 7.69          | 3,391,145         | 6.19          |
| Local roads & bridges                  | 4,459,624         | 23.27         | 2,503,916         | 13.76         | 760,567           | 4.37          | 7,724,107         | 14.10         |
| Education                              | 1,380,556         | 7.20          | 1,558,011         | 8.56          | 485,000           | 2.78          | 3,423,567         | 6.25          |
| Community and administrative buildings | 999,059           | 5.21          | 856,085           | 4.71          | 1,065,480         | 6.12          | 2,920,624         | 5.33          |
| Water & sanitation                     | 697,124           | 3.64          | 786,355           | 4.32          | 1,560,000         | 8.95          | 3,043,479         | 5.56          |
| Agriculture & irrigation               | 317,000           | 1.65          | 1,002,179         | 5.51          | 371,100           | 2.13          | 1,690,279         | 3.09          |
| Electrification                        | 784,231           | 4.09          | 120,918           | 0.66          | 121,350           | 0.70          | 1,026,499         | 1.87          |
| Environment                            | 241,876           | 1.26          | 0                 | 0.00          | 246,000           | 1.41          | 487,876           | 0.89          |
| Other (health, police stations, etc.)  | 1,104,237         | 5.76          | 1,368,830         | 7.52          | 1,151,770         | 6.61          | 3,624,837         | 6.62          |
|  |                   |               |                   |               |                   |               |                   |               |
| <b>Totals</b>                          | <b>19,161,781</b> | <b>100.00</b> | <b>18,194,328</b> | <b>100.00</b> | <b>17,420,738</b> | <b>100.00</b> | <b>54,776,847</b> | <b>100.00</b> |

### Expenditure Dhanusa VDC

| SECTOR/ACTIVITY                        | ALL DHANUSA VDCs  |            |                   |            |                   |            |                   |            |
|--|-------------------|------------|-------------------|------------|-------------------|------------|-------------------|------------|
|  | 2009/10           |            | 2010/11           |            | 2011/12           |            | All years         |            |
|  | NRs               | % of total | NRs               | % of total | NRs               | % of total | NRs               | % of total |
| Administrative                         | 1,997,687         | 8.59       | 2,006,301         | 9.94       | 1,817,952         | 12.80      | 5,821,940         | 10.10      |
| Social security and social protection  | 7,141,522         | 30.69      | 2,382,613         | 11.81      | 7,560,000         | 53.23      | 17,084,135        | 29.63      |
| Capital expenditure (no breakdown)     | 1,442,466         | 6.20       | 1,866,669         | 9.25       | 443,495           | 3.12       | 3,752,630         | 6.51       |
| Target group activities (no breakdown) | 324,000           | 1.39       | 382,336           | 1.89       | 614,858           | 4.33       | 1,321,194         | 2.29       |
| Local roads & bridges                  | 2,586,485         | 11.12      | 1,135,900         | 5.63       | 950,795           | 6.69       | 4,673,180         | 8.11       |
| Education                              | 50,000            | 0.21       | 0                 | 0.00       | 0                 | 0.00       | 50,000            | 0.09       |
| Community and administrative buildings | 291,495           | 1.25       | 0                 | 0.00       | 47,000            | 0.33       | 338,495           | 0.59       |
| Water & sanitation                     | 166,614           | 0.72       | 88,410            | 0.44       | 0                 | 0.00       | 255,024           | 0.44       |
| Agriculture & irrigation               | 363,050           | 1.56       | 332,000           | 1.65       | 299,950           | 2.11       | 995,000           | 1.73       |
| Electrification                        | 215,700           | 0.93       | 0                 | 0.00       | 0                 | 0.00       | 215,700           | 0.37       |
| Environment                            | 25,000            | 0.11       | 0                 | 0.00       | 0                 | 0.00       | 25,000            | 0.04       |
| Other (health, police stations, etc.)  | 1,113,044         | 4.78       | 702,445           | 3.48       | 120,169           | 0.85       | 1,935,658         | 3.36       |
| Advances and balances                  | 7,552,046         | 32.46      | 11,285,152        | 55.92      | 2,349,017         | 16.54      | 21,186,215        | 36.75      |
|  |                   |            |                   |            |                   |            |                   |            |
| <b>Totals</b>                          | <b>23,269,108</b> | <b>100</b> | <b>20,181,826</b> | <b>100</b> | <b>14,203,236</b> | <b>100</b> | <b>57,654,170</b> | <b>100</b> |

## DETAILED VDC EXPENDITURES - SAMPLE OF TWO DHANKUTA VDCs

| Bhedetar VDC, Dhankuta                   |            |            |            |
|--|------------|------------|------------|
| Detailed expenditure patterns (NRs)      |            |            |            |
| Expenditure Heading                      | FY 2009-10 | FY 2010-11 | FY 2011-12 |
| Balance b/ d from last year              |            |            |            |
| <b>Recurrent /administrative expense</b> | 1,112,330  | 1,376,754  | 1,572,793  |
| Salary and allowance                     | 182,824    | 308,320    | 308,878    |
| Other consumption expenses               | 21,000     | 107,828    |            |
| Office rent                              | 14,400     | 14,400     | 20,400     |
| Office expenses                          | 72,180     | 68,481     | 90,100     |
| Miscellaneous                            | 20,028     | 22,980     | 38,020     |
| Social security Grant                    | 1,550      | 1,000      | 5,000      |
| Social service grant                     | 14,000     | 4,000      | 1,200      |
| Water, electricity, service expense      | 10,200     | 12,145     | 18,280     |
| Program expenses                         | 0          | 0          | 15,000     |
| Program travel expenses                  | 64,196     | 60,000     | 68,000     |
| Contingency (recurrent)                  | 1,000      | 0          | 2,000      |
| DDC land Revenue                         | 0          | 0          | 24,425     |
| Peace Committee                          | 0          | 0          | 20,000     |
| Social security allowance                | 558,000    | 777,600    | 835,600    |
| Social mobilization                      | 21,000     |            | 125,890    |
| Training                                 | 18,500     | 0          | 0          |
| Participatory contribution               | 25,000     | 0          | 0          |
| Literacy program                         | 79,902     |            | 0          |
| Family cost                              | 8,550      |            | 0          |
|  |            |            |            |
| <b>Activities/Project Sector Wise</b>    | 1,952,101  | 1,735,651  | 909,947    |
| <b>Road Sector</b>                       |            |            |            |
| Namje Rural Road                         | 282,333    |            |            |
| Kolbote Rural Road                       | 229,168    |            | 252,000    |
| Ekle Tar Rural Road                      | 74,272     |            |            |
| Limbhu Pedstrian Road                    | 24,337     |            |            |
| Jimmy Gaun Rural Rpad                    | 70,344     |            |            |
| Namstey Jharan Pedestrian Road           |            |            | 50,567     |
| Majhuwa Mukten Rural Road                |            | 318,567    |            |
|  |            |            |            |
| <b>School/Education Sector</b>           |            |            |            |
| Gramin Jan S. School Grant               | 110,000    | 110,000    | 110,000    |
| Training                                 |            | 113,110    |            |
|  |            |            |            |
| <b>Agriculture Sector</b>                |            |            |            |
| Agriculture awareness training           | 41,000     |            |            |
| Animal program                           | 41,000     |            |            |
| Formaculture grant                       | 20,000     |            |            |
| Seeds purchase and distribution          |            | 89,000     |            |
|  |            |            |            |

| <b>Bhedetar VDC, Dhankuta</b>                        |                   |                   |                   |
|--|-------------------|-------------------|-------------------|
| <b>Detailed expenditure patterns (NRs)</b>           |                   |                   |                   |
| <b>Expenditure Heading</b>                           | <b>FY 2009-10</b> | <b>FY 2010-11</b> | <b>FY 2011-12</b> |
| <b>Tourism Development</b>                           |                   |                   |                   |
| Tourism promotion program                            | 15,000            |                   |                   |
| Document production                                  | 15,000            |                   |                   |
| Rajarani Festival                                    |                   | 15,000            |                   |
|  |                   |                   |                   |
| <b>Drinking Water &amp; Sanitation</b>               |                   |                   |                   |
| Bhedetar Khanepani                                   | 284,438           |                   |                   |
| Karkichhap drinking water                            | 70,986            |                   |                   |
| Drinking water repair project                        |                   | 256,830           |                   |
| Furniture purchases                                  | 41,700            | 35,000            |                   |
|  |                   |                   |                   |
| <b>Community Building</b>                            |                   |                   |                   |
| Laligurans Community Building Construction           | 171,386           |                   |                   |
| Women Community Building Construction Thumki         |                   |                   | 37,764            |
| Children Community Building Construction, Thumki     |                   |                   | 60,000            |
| Agriculture Community Building Construction, Thumki  |                   |                   | 68,008            |
| Namaste Jharana Ticket Counter Construction          |                   |                   | 12,574            |
| Indigenous Community Building Material               |                   |                   | 12,237            |
| Navajyoti Community Building Construction            | 108,419           |                   |                   |
| Kirat Rai Community Building Construction, Dharapani |                   |                   | 116,664           |
| Iman Chemjung Statue Construction                    |                   |                   | 10,050            |
| Stair Construction, Bhedetar                         |                   | 197,060           |                   |
| Women Community Building Construction                | 70,492            | 21,109            |                   |
| Malbase Community Building Construction              | 36,800            |                   |                   |
| Community Building Construction, Mokten 9            |                   |                   | 31,083            |
| Community Building Construction Ward no. 6           |                   | 68,730            |                   |
| Community Building Construction Ward no. 9           |                   | 41,841            |                   |
|  |                   |                   |                   |
| <b>Health</b>  |                   |                   |                   |
| Sub Health Post Grant                                | 100,000           | 100,000           |                   |
| Health Camp  |                   | 10,000            |                   |
|  |                   |                   |                   |
| <b>Training</b>                                      |                   |                   |                   |
| Planning   | 8,550             |                   | 149,000           |
| Environment  | 66,876            |                   |                   |
| Child Related  | 20,000            |                   |                   |
| Domestic Violence                                    |                   | 25,000            |                   |
| Candle Making Training                               |                   | 25,000            |                   |
| Senior Citizen Program                               |                   | 246,904           |                   |
| Orientation Meeting                                  |                   | 13,500            |                   |
|  |                   |                   |                   |
| <b>Miscellaneous</b>                                 |                   |                   |                   |
| VDC Complementary Fund                               | 25,000            |                   |                   |

| <b>Bhedetar VDC, Dhankuta</b>              |                   |                   |                   |
|--|-------------------|-------------------|-------------------|
| <b>Detailed expenditure patterns (NRs)</b> |                   |                   |                   |
| <b>Expenditure Heading</b>                 | <b>FY 2009-10</b> | <b>FY 2010-11</b> | <b>FY 2011-12</b> |
| Nepal Red Cross Society Contribution       | 25,000            |                   |                   |
| Observation Travel VDC Sec                 |                   | 15,000            |                   |
| Public Hearing                             |                   | 14,000            |                   |
| Salary of Technician                       |                   | 20,000            |                   |
| <b>Total</b>                               | <b>3,064,431</b>  | <b>3,112,405</b>  | <b>2,482,740</b>  |

| <b>Pakhribas VDC, Dhankuta</b>                    |                   |                   |                   |
|---|-------------------|-------------------|-------------------|
| <b>Detailed exoenditure patterns (NRs)</b>        |                   |                   |                   |
| <b>Expenditure Heading</b>                        | <b>FY 2009-10</b> | <b>FY 2010-11</b> | <b>FY 2011-12</b> |
| Balance b/ d from last year                       |                   |                   |                   |
| <b>Recurrent /administrative expense</b>          | <b>481,723</b>    | <b>568,868</b>    | <b>703,024</b>    |
| Salary and allowance                              | 269,180           | 274,820           | 371,660           |
| Fee for engineering services                      |                   |                   | 8,250             |
| Meeting allowance, tea and refreshment            |                   |                   |                   |
| Meeting allowance                                 |                   |                   |                   |
| Meeting allowance/travel cost                     | 46,526            | 64,999            | 59,989            |
| Other consumption expenses                        | 7,200             | 15,000            | 15,000            |
| Water, electricity, service expense               | 9,071             | 9,747             | 23,125            |
| Office expenses                                   | 54,807            | 65,671            | 55,000            |
| Miscellaneous Expenses                            | 14,415            | 36,825            | 40,000            |
| Travel  | 49,526            | 64,999            | 60,000            |
| Program expenses                                  | 29,518            | 7,819             | 35,000            |
| Contingency                                       | 1,480             | 14,430            | 20,000            |
| Production service expenses                       |                   | 4,500             | 5,000             |
| Refund expenses                                   | 0                 | 10,058            | 10,000            |
|   |                   |                   |                   |
| <b>Activities/Project Sector Wise</b>             | <b>3,372,974</b>  | <b>2,751,154</b>  | <b>3,610,450</b>  |
|   |                   |                   |                   |
| Social security allowances (assumption)           | 1,053,600         | 1,350,200         | 1,414,200         |
|   |                   |                   |                   |
| <b>Women target group: (10%)</b>                  |                   |                   |                   |
| Women's dairy cooperative building construction   | 40,000            |                   |                   |
| Sewing traning                                    | 35,000            |                   |                   |
| Reproductive health & HIV/AIDS                    | 24,704            |                   |                   |
| Allowence for Women Health Volunteers             | 21,600            | 21,600            | 21,600            |
| Kitchen gardening training                        | 20,000            |                   |                   |
| Women's cooperative development                   |                   |                   | 18,400            |
| Skills development training                       |                   |                   | 30,000            |
| Sudhariya Ko Chullo program (woodstoves)          |                   |                   | 40,000            |
| <b>Dalit/Upanga/Jana-Jati target group: (15%)</b> |                   |                   |                   |
| Jana-jati road repair, ward 1                     |                   |                   | 20,000            |
| Bhaudha gumba murti security, ward 3              |                   |                   | 20,000            |



| <b>Pakhribas VDC, Dhankuta</b>                       |                   |                   |                   |
|--|-------------------|-------------------|-------------------|
| <b>Detailed exoenditure patterns (NRs)</b>           |                   |                   |                   |
| <b>Expenditure Heading</b>                           | <b>FY 2009-10</b> | <b>FY 2010-11</b> | <b>FY 2011-12</b> |
| Margha Dhara water resource security, ward 4         |                   |                   | 20,000            |
| Hajare Sim water tyanki construction, ward 6         |                   |                   | 20,000            |
| Jordhara water resource security, ward 7             |                   |                   | 20,000            |
| Dalit Basti water tyanki construction wards 4 & 6    |                   |                   | 30,000            |
| Upangha sasaktikaran program                         |                   |                   | 75,000            |
|  |                   |                   |                   |
| <b>Agriculture sector: (15%)</b>                     |                   |                   |                   |
| Tanga kulo construction, ward 4                      |                   | 45,000            |                   |
| Hatting kulo construction, ward 5                    |                   | 32,000            |                   |
| Chauki khola irrigation pipe purchase, ward 6        |                   | 27,000            |                   |
| Layatol irrigation pipe purchase, ward 7             |                   | 17,000            |                   |
| Dadha Khet irrigation pipe purchase, ward 8          |                   | 13,000            |                   |
| Seeds purchase program, wards 1, 2 & 9               |                   | 50,000            | 30,000            |
| Agricultural training                                |                   | 28,700            | 47,700            |
| Breeding (nasla sudhar)                              |                   | 20,000            | 20,000            |
| Hattibar kulo repairs, ward 1                        |                   |                   | 15,000            |
| Irrigation pipe, wards 2, 6, 8, & 9                  |                   |                   | 60,000            |
| Management of agricultural market, ward 3            |                   |                   | 15,000            |
| Kipate kulo repairs, ward 4                          |                   |                   | 15,000            |
| Angbung kulo repair, ward 5                          |                   |                   | 15,000            |
| Muga Khola Kholitar kulo repair, ward 7              |                   |                   | 15,000            |
| R4amche drinking water program, ward 2               |                   |                   | 20,000            |
|  |                   |                   |                   |
| <b>Road Sector:</b>                                  |                   |                   |                   |
| Health post road (repair), ward 9                    | 10,400            | 50,000            |                   |
| Jalpadevi campus road (new)                          | 300,000           |                   |                   |
| Panchaknya-Salbota road repairs, wards 1, 5 & 9      | 120,000           | 100,000           |                   |
| Bokre Pathake-Kholitar road repair, ward 6           | 40,000            | 75,000            |                   |
| Mungakhola-Kholitar road repair, ward 7              | 40,000            | 45,000            |                   |
| Sihadevi-Paura road repair, ward 8                   | 40,000            | 50,000            |                   |
| Basnettol ECD center road repair, ward 2             |                   |                   |                   |
| Pakharibas humpas construction                       | 30,000            |                   |                   |
|  |                   |                   |                   |
| <b>School/Education Sector</b>                       |                   |                   |                   |
| Purand support Jalpa Devi school)                    |                   | 10,555            |                   |
| School books purchase (Jalpa Devi school)            | 200,000           | 42,000            |                   |
| School furniture (Jalpa Devi school)                 |                   | 200,000           |                   |
| School playground construction (Dhunga Dhara school) |                   |                   |                   |
| School operating grant                               | 158,600           |                   |                   |
| School playground (Dhunga Dhara school)              |                   | 30,000            |                   |
| Street drama   | 5,694             |                   |                   |
| Inter schools quiz contests                          | 10,000            |                   |                   |
| Inter schools speech competition                     | 14,000            |                   |                   |
| Pre-primary teacher's salary (Jalpa Devi)            | 26,000            |                   |                   |

| <b>Pakharibas VDC, Dhankuta</b>                    |                   |                   |                   |
|--|-------------------|-------------------|-------------------|
| <b>Detailed exoenditure patterns (NRs)</b>         |                   |                   |                   |
| <b>Expenditure Heading</b>                         | <b>FY 2009-10</b> | <b>FY 2010-11</b> | <b>FY 2011-12</b> |
| Schools filter dowsing purchase                    | 27,000            |                   |                   |
| Dalit ECDcenter furniture purchase                 | 30,000            |                   |                   |
| Child development materials                        | 40,000            |                   |                   |
| Schools materials (Jalpa Devi school)              |                   |                   | 27,000            |
| School furniture (Dhunga Dhara school)             |                   |                   | 28,000            |
| Schools furniture (Aniwariya Nisulka school)       |                   |                   | 28,000            |
| Schools furniture (Pancha Kanya school)            |                   |                   | 27,000            |
| ECD center (Mukten, ward 2)                        |                   |                   | 10,000            |
| Scholarships                                       | 29,000            |                   |                   |
|  |                   |                   |                   |
| <b>Capital and equipment:</b>                      |                   |                   |                   |
| Purchase of machine equipment                      |                   | 14,999            | 110,000           |
| New VDC building construction                      | 468,635           | 98,000            | 435,000           |
| Expenses for furniture                             |                   | 204,700           |                   |
| Land purchase for police station                   | 300,000           |                   |                   |
| Health post furniture                              | 30,000            |                   |                   |
| Repairs and maintenance (building and furniture)   | 30,450            |                   | 40,000            |
| Jalpadevi savings & co-operative buildings         |                   |                   | 40,000            |
|  |                   |                   |                   |
| <b>Other program expenditure:</b>                  |                   |                   |                   |
| Sports program (play ground)                       |                   | 10,000            | 70,000            |
| VDC contingency (katti)                            |                   | 63,767            |                   |
| DDC tax periodic plan                              |                   |                   | 50,000            |
| DDC contingency (katti)                            |                   | 11,633            |                   |
| Rural Electrification (wards 2 & 5) cable purchase |                   | 40,000            | 21,350            |
| Sanibare Bazzar (C.S.P.) partnership               | 30,000            |                   |                   |
| SIM-N (environment) project matching fund          | 100,000           |                   | 201,000           |
| Old aged falcitation                               | 32,691            |                   | 39,700            |
| Community forest matching fund                     | 50,000            |                   | 5,000             |
| Peace community                                    |                   |                   | 20,000            |
| VDC periodic plan                                  |                   |                   | 99,000            |
| Village profile                                    | 15,600            |                   |                   |
| Matching fund                                      |                   | 50,000            |                   |
| Pakharibas police post wall contruction            |                   | 10,000            |                   |
| Skills development program (community)             |                   | 20,000            |                   |
| VDC check writer purchase                          |                   | 15,000            |                   |
| Mugakhola water tyanki construction, ward 3        |                   |                   | 224,000           |
| Health program                                     |                   |                   | 10,000            |
| VDC contingency (4%)                               |                   |                   | 46,000            |
| Orientation program                                |                   | 6,000             | 11,000            |
| Toilet pipe purchase                               |                   |                   | 70,000            |
| VDC Shimarika & Hakhet Samrakchand                 |                   |                   | 1,500             |
| Clothes expencess for VDC staff                    |                   |                   | 15,000            |
| <b>Total</b>                                       | <b>3,854,697</b>  | <b>3,320,022</b>  | <b>4,313,474</b>  |

## MUNICIPAL REVENUES AND EXPENDITURES

### Dhankuta Municipality Expenditure - Overview

#### DHANKUTA MUNICIPALITY EXPENDITURE

| Summary of Municipality Expenditure 2010/11 by Sector |                   |               | Summary of Municipality Expenditure 2011/12 by Sector |                   |               |
|---|-------------------|---------------|---|-------------------|---------------|
| Sector  | Amount (NRs)      | % of Total    | Sector  | Amount (NRs)      | % of Total    |
| Education   | 1,288,500         | 1.85          | Education   | 1,182,500         | 1.83          |
| Health  | 3,054,112         | 4.39          | Health  | 3,145,787         | 4.87          |
| Water&Sanitation                                      | 2,702,906         | 3.88          | Water&Sanitation                                      | 3,950,000         | 6.12          |
| Roads   | 27,473,779        | 39.46         | Roads   | 23,337,554        | 36.16         |
| Agriculture   | 316,100           | 0.45          | Agriculture   | 330,000           | 0.51          |
| Community building                                    | 352,350           | 0.51          | Community building                                    | 725,000           | 1.12          |
| Religious   | 125,000           | 0.18          | Religious   | 645,000           | 1.00          |
| Energy  | 535,986           | 0.77          | Energy  | 300,000           | 0.46          |
| Livelihoods   | 442,200           | 0.64          | Livelihoods   | 635,000           | 0.98          |
| Targeted Group  | 1,128,455         | 1.62          | Targeted Group  | 1,295,000         | 2.01          |
| Security  | 50,000            | 0.07          | Security  | 0                 | 0.00          |
| Environment   | 615,000           | 0.88          | Environment   | 1,258,322         | 1.95          |
| Waste Management                                      | 4,004,237         | 5.75          | Waste Management                                      | 1,007,050         | 1.56          |
| Social Mobilization                                   | 90,000            | 0.13          | Social Mobilization                                   | 100,000           | 0.15          |
| Administrative  | 7,843,683         | 11.27         | Administrative  | 8,599,524         | 13.32         |
| Social Security                                       | 2,628,900         | 3.78          | Social Security                                       | 240,800           | 0.37          |
| HR  | 8,590,033         | 12.34         | HR  | 9,641,532         | 14.94         |
| Advance   | 4,094,990         | 5.88          | Advance   | 805,129           | 1.25          |
| Other   | 4,290,639         | 6.16          | Other   | 7,344,040         | 11.38         |
| <b>TOTAL</b>  | <b>69,626,870</b> | <b>100.00</b> | <b>TOTAL</b>  | <b>64,542,237</b> | <b>100.00</b> |

Figure 17: Dhankuta Municipality expenditure 2010/11 by sector

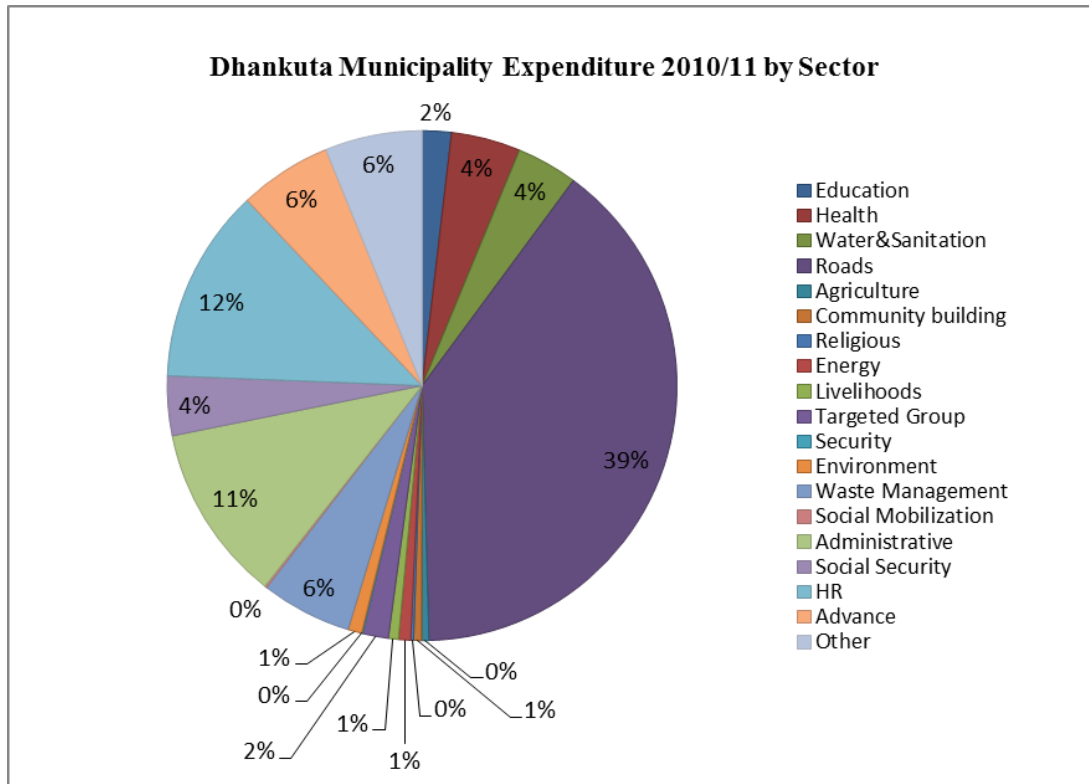
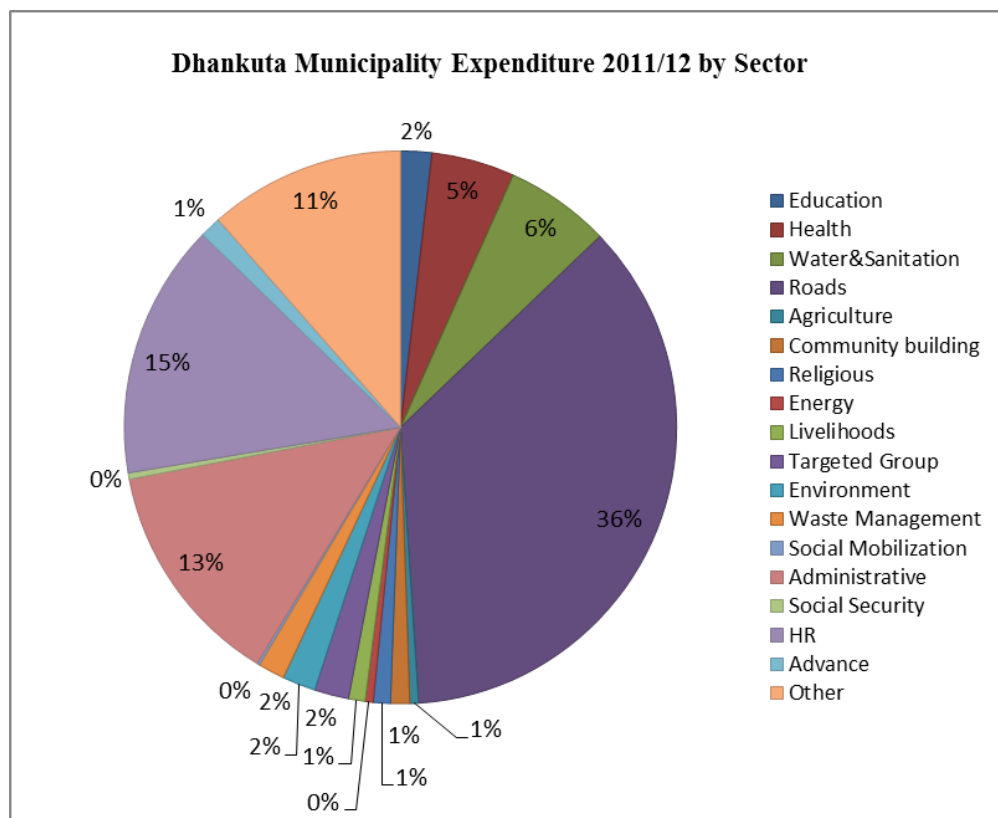


Figure 18: Dhankuta Municipality expenditure 2011/12 by sector



### Dhankuta Municipality Revenue

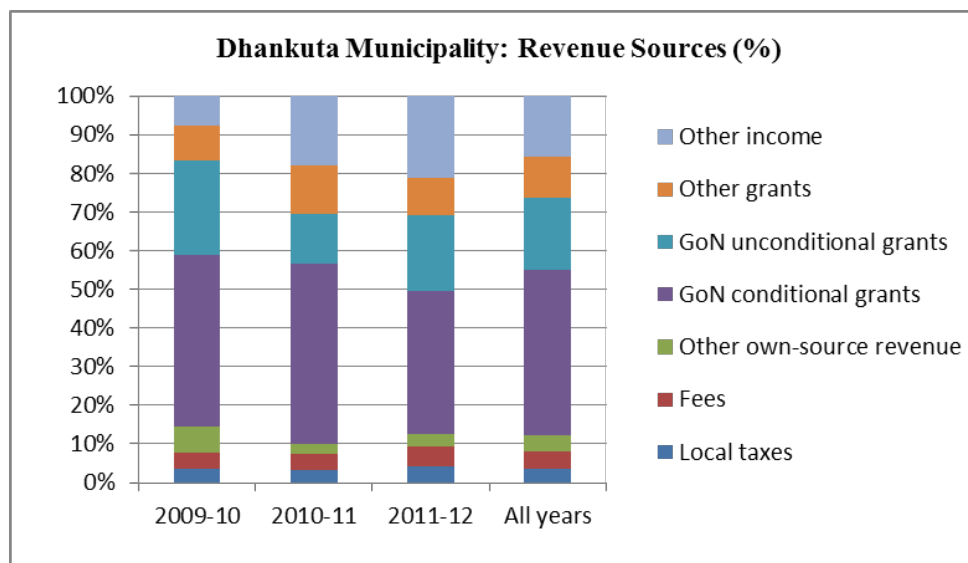
| <b>Municipal Revenues (NRs): Dhankuta Municipality</b> |   |                   |                  |                  |
|--|---|-------------------|------------------|------------------|
| <b>S.No.</b>   | <b>Heading</b>                                    | <b>2009/2010</b>  | <b>2010/11</b>   | <b>2011/12</b>   |
| <b>A</b>   | <b>Internal Sources</b>                           | <b>10,255,207</b> | <b>7,788,384</b> | <b>9,253,021</b> |
| <b>1.1</b>   | <b>Local Tax</b>                                  |                   |                  |                  |
| 1.1.1  | Tax Arrears (Land Tax)                            | 2,766             | 300              | 11,157           |
| 1.1.2  | Tax Arrears (House and Land Tax)                  | 0                 | 0                | 0                |
| 1.1.3  | Rent Tax  | 44,197            | 49,257           | 83,498           |
| 1.1.4  | Bitauri (Tenant) Tax                              | 3,000             | 18,150           | 15,829           |
| 1.1.5  | Business Tax                                      | 625,580           | 703,010          | 1,000,410        |
| 1.1.6  | Vehicle Tax                                       | 0                 | 0                | 0                |
| 1.1.6.1  | Vehicle Registration and Annual Vehicle Tax       | 750               | 0                | 2,750            |
| 1.1.6.2  | Toll Tax  | 0                 | 0                | 0                |
| 1.1.7  | Property Based (IPT) Tax                          | 1,721,357         | 1,724,202        | 1,930,405        |
| 1.1.8  | Entertainment Tax                                 | 0                 | 0                | 0                |
| 1.1.9  | Advertisement Tax                                 | 0                 | 0                | 0                |
| <b>1.2</b>   | <b>Service Fees</b>                               |                   |                  |                  |
| 1.2.1  | Parking Fee                                       | 484,500           | 601,000          | 700,005          |
| 1.2.2  | Tariff and Service Fee                            | 0                 | 0                | 0                |
| 1.2.3  | Electricity Tariff                                | 0                 | 5,515            | 20,604           |
| 1.2.4  | Weekly Market Fee                                 | 201,000           | 101,250          | 238,100          |
| 1.2.5  | Solid Waste Management Fee                        | 418,482           | 482,467          | 751,205          |
| 1.2.6  | Guest House Service Charge                        | 12,550            | 5,800            | 1,150            |
| 1.2.7  | Public Toilet Service Fee/Public Property Use Fee | 45,000            | 108,000          | 94,560           |
| 1.2.8  | Public Infrastructure Maintenance Fee             | 170,000           | 198,875          | 204,000          |
| 1.2.9  | Property Valuation Fee                            | 100,001           | 49,470           | 26,742           |
| 1.2.10   | Other Service Fee                                 | 259,500           | 230,875          | 307,085          |
| <b>1.3</b>   | <b>Fees</b>                                       |                   |                  |                  |
| 1.3.1  | Application and Renewal Fee                       | 34,320            | 32,695           | 43,098           |
| 1.3.2  | Building Permit Fee                               | 793,460           | 660,171          | 838,297          |
| 1.3.3  | Recommendations Fee                               | 457,555           | 707,605          | 636,235          |
| 1.3.4  | Relation Certification Fee                        | 9,825             | 23,400           | 15,770           |
| 1.3.5  | Other Fees - Sarjimin                             | 93,310            | 57,000           | 69,550           |
| <b>1.4</b>   | <b>Sales</b>                                      |                   |                  |                  |
| 1.4.1  | Other Sales (tender forms)                        | 7,620             | 27,286           | 6,055            |
| <b>1.5</b>   | <b>Resource mobilization</b>                      |                   |                  |                  |
| 1.5.1  | Public Private Partnership                        | 2,738,204         | 0                | 0                |
| 1.5.3  | Public Toilet Operation                           | 45,000            | 108,000          | 94,560           |
| 1.5.2  | Slaughter House                                   |                   |                  |                  |
| 1.5.3  | Street Light Management                           |                   | 116,288          | 80,500           |
| 1.5.4  | Other Resource Mobilization                       | 140,995           | 0                | 237,720          |
| <b>1.6</b>   | <b>Other Income</b>                               |                   |                  |                  |
| 1.6.1  | Penalty   | 96,762            | 70,105           | 61,730           |
| <b>1.7</b>   | <b>Property Rental</b>                            |                   |                  |                  |
| 1.7.1  | Rent - Shopping Complex                           | 1,037,918         | 1,039,150        | 1,033,912        |
| 1.7.2  | Rent - Restaurant and Shops                       | 432,980           | 449,163          | 499,137          |

|           |   |                   |                   |                   |
|-----------|---|-------------------|-------------------|-------------------|
| 1.7.3     | Rent - Vegetable Shop                                   | 20,000            | 70,000            | 75,000            |
| 1.7.4     | Rent - Canteen  | 60,000            | 15,002            | 90,000            |
| 1.7.5     | Other Rent  | 33,390            | 30,000            | 40,968            |
| 1.8       | Deposit Cease   | 64,641            | 15,000            | 0                 |
| 1.9       | Advance Refund  | 26,741            | 209               | 0                 |
| 1.10      | Other Sundry Income                                     | 73,803            | 89,140            | 42,991            |
| <b>B.</b> | <b>External Sources</b>                                 | <b>59,738,068</b> | <b>70,723,669</b> | <b>64,516,784</b> |
| 2.1       | Grant from GoN  |                   |                   |                   |
|           | Conditional Grant                                       |                   |                   |                   |
| 2.1.1     | Local and Agriculture Roads                             | 2,200,000         | 2,200,000         | 1,750,000         |
| 2.1.2     | Additional Local Development Fee                        | 0                 |                   |                   |
| 2.1.3     | Local Development Fee - Capital                         | 5,183,000         | 5,183,000         | 2,822,000         |
| 2.1.4     | Reserve Fund  | 11,629,000        | 12,138,000        | 10,194,000        |
| 2.1.5     | LGCDP Capital   | 11,109,000        | 7,019,400         |                   |
| 2.1.6     | LGCDP Recurrent   | 834,824           | 1,721,374         | 1,506,000         |
| 2.1.7     | UGDP Capital  | 0                 | 8,483,000         | 11,081,000        |
| 2.1.8     | Local Peace Committee - Recurrent                       | 0                 | 0                 | 50,000            |
| 2.1.9     | Additional Capital Expenditure Grant                    | 0                 | 0                 | 0                 |
| 2.1.10    | Peoples Participation Based Program                     | 0                 | 0                 | 0                 |
|           | Unconditional Grant                                     |                   |                   |                   |
| 2.1.9     | GON Municipal Grant - Recurrent                         | 1,450,000         | 1,433,000         | 1,433,000         |
| 2.1.10    | GON Municipal Grant -Capital                            | 8,122,000         | 6,582,000         | 10,789,000        |
| 2.1.11    | Local Development Fee - Recurrent                       | 2,148,000         | 2,148,000         | 2,148,000         |
| 2.1.12    | Conditional Grant DDC - Social Security                 | 5,460,451         | 0                 | 0                 |
| 2.2       | Grant from Other Institutions                           | 0                 |                   |                   |
| 2.2.1     | Town Development Fund                                   | 775,691           | 0                 | 0                 |
| 2.2.2     | DDC conditional grant - Social Security                 |                   | 3,755,200         | 1,495,000         |
| 2.2.3     | Nepal Road Board  | 1,346,219         | 1,605,562         | 1,541,324         |
| 2.2.4     | Solid Waste Management and Resource Mobilization Centre | 0                 | 0                 |                   |
| 2.2.5     | District Education Office, Dhankuta                     | 207,478           | 130,120           | 599,502           |
| 2.2.6     | PPPUE   | 6,000             | 0                 | 0                 |
| 2.2.7     | SIM - Nepal   | 1,200,000         | 200,000           | 408,226           |
| 2.2.8     | Municipal Association of Nepal                          | 127,245           | 0                 | 0                 |
| 2.2.9     | LFP Dhankuta  | 0                 | 0                 | 0                 |
| 2.2.10    | District Health Office, Dhankuta                        | 2,200,000         | 3,624,000         | 638,000           |
| 2.2.11    | DUBBC   | 200,000           |                   | 888,000           |
| 2.2.12    | Other   | 89,160            | 427,180           | 1,615,732         |
| 2.2.13    | Nothumbia University                                    | 0                 | 0                 | 0                 |
| 2.3       | Borrowings  | 550,000           |                   |                   |
| 2.4       | Peoples Participation                                   | 4,900,000         | 7,173,833         | 6,307,500         |
| 2.5       | Land Revenue Office - Revenue Sharing                   |                   | 2,700,000         | 2,943,000         |
| 8.1       | Donation and Gift                                       |                   |                   |                   |
| 8.1.2     | Cost Sharing Project                                    | 0                 | 4,200,000         | 6,307,500         |
|           | <b>Total</b>  | <b>69,993,275</b> | <b>78,512,053</b> | <b>73,769,805</b> |

### Dhankuta Municipality Revenue - Summary

| Revenue source           | 2009-10           |              | 2010-11           |              | 2011-12           |              | All years          |              |
|--------------------------|-------------------|--------------|-------------------|--------------|-------------------|--------------|--------------------|--------------|
|                          | NRs               | % of total   | NRs               | % of total   | NRs               | % of total   | NRs                | % of total   |
| Local taxes              | 2,397,650         | 3.4          | 2,494,919         | 3.2          | 3,044,048         | 4.1          | 7,936,617          | 3.6          |
| Fees                     | 3,079,503         | 4.4          | 3,264,123         | 4.2          | 3,946,400         | 5.3          | 10,290,026         | 4.6          |
| Other                    | 4,778,055         | 6.8          | 2,029,342         | 2.6          | 2,262,573         | 3.1          | 9,069,970          | 4.1          |
| GoN conditional grants   | 30,955,824        | 44.2         | 36,744,774        | 46.8         | 27,403,000        | 37.1         | 95,103,598         | 42.8         |
| GoN unconditional grants | 17,180,451        | 24.5         | 10,163,000        | 12.9         | 14,370,000        | 19.5         | 41,713,451         | 18.8         |
| Other grants             | 6,151,793         | 8.8          | 9,742,062         | 12.4         | 7,185,784         | 9.7          | 23,079,639         | 10.4         |
| Other income             | 5,450,000         | 7.8          | 14,073,833        | 17.9         | 15,558,000        | 21.1         | 35,081,833         | 15.8         |
| <b>Total</b>             | <b>69,993,275</b> | <b>100.0</b> | <b>78,512,053</b> | <b>100.0</b> | <b>73,769,805</b> | <b>100.0</b> | <b>222,275,134</b> | <b>100.0</b> |

Figure 19: Dhankuta Municipality revenue sources (%)



**Janakpur Municipality Expenditure Details 2011/12**

| Source of Funding                                | S.N | Project   | Amount              | Sector                            |
|--|-----|---|---------------------|-----------------------------------|
|  |     | <b>A. Children (10 %)</b>   |                     |                                   |
|  | 1   | Shree Secondary School's building construction and maintenance, JNP 14                  | 178,498.05          | Education - General               |
|  | 2   | Shree Janata Secondary School's building construction and maintenance, JNP 14           | 178,454.90          | Education - General               |
|  | 3   | Shree Janak Ratriya P. Shool's gate construction, JNP 8                                 | 71,495.47           | Education - Construction          |
|  | 4   | Prize for Municipalities' topped ranked SLC graduate of Madhesi, Muslim, Dalit, ethnics | 20,000.00           | Education - General               |
|  | 5   | Prize sponsored for Municipals Secondary schools 15 girls and boys                      | 20,000.00           | Education - General               |
|  |     | <b>B. Women (10%)</b>   |                     |                                   |
|  | 6   | Training of sewing and cutting for women  | 20,000.00           | Livelihoods                       |
|  | 7   | Training of Mithila Art   | 50,000.00           | Livelihoods                       |
|  | 8   | Dalit, ethnic and disabled  |                     |                                   |
|  | 9   | Distribution of toilet construction material for 12 Wards                               | 60,265.00           | Water&Sanitation - Construction   |
|  | 10  | Distribution of Mosquito net 100 persons  | 68,500.00           | Health - General                  |
|  | 11  | Empowerment program   | 51,235.00           | Targeted Group - Unknown          |
|  | 12  | Training for disabled women to make Stick Chudi   | 70,000.00           | Livelihoods                       |
|  | 13  | Training to make candle for muslim women  | 50,000.00           | Livelihoods                       |
|  | 14  | Awareness program for Dalit   | 140,000.00          | Targeted Group - Unknown          |
|  | 15  | Awareness program for ethnics groups  | 110,000.00          | Targeted Group - Unknown          |
|  |     | <b>C. Others (65%)</b>  |                     |                                   |
|  | 16  | Culvert Slab construction, JNP 1  | 15,815.60           | Bridges - Construction            |
|  | 17  | Drainage construction, JNP 9  | 713,951.43          | Roads - Construction              |
|  | 18  | Road and drainage construction, JNP 1   | 165,076.80          | Roads - Construction              |
|  | 19  | PCC and Drainage construction, JNP 9  | 208,530.00          | Roads - Construction              |
|  | 20  | Drainage construction, JNP7   | 332,818.23          | Roads - Construction              |
|  | 21  | Road PCC, JNP 2   | 130,118.26          | Roads - Construction              |
|  | 22  | Road PCC, JNP 4   | 504,270.05          | Roads - Construction              |
|  |     | <b>Total</b>  | <b>3,159,028.79</b> |                                   |
| <b>Expenditure of royalty, Land tax, Fee etc</b> | 1   | Road maintenance and PCC, JNP 9   | 153,509.44          | Roads - Maintenance               |
|  | 2   | Public Community building construction, JNP 16  | 502,869.05          | Community building - Construction |
|  | 3   | Drainage construction and Road PCC, JNP 8   | 500,671.00          | Roads - Construction              |
|  | 4   | PCC, JNP 10   | 273,111.87          | Roads - Construction              |
|  | 5   | Drainage and road construction, JNP 8   | 502,043.36          | Roads - Construction              |
|  | 6   | Slab making, JNP 1  | 17,474.79           | Roads - Construction              |
|  | 7   | Culvert construction, JNP 5   | 24,736.45           | Roads - Construction              |
|  | 8   | Gravelling, JNP 4   | 24,912.50           | Roads - Construction              |

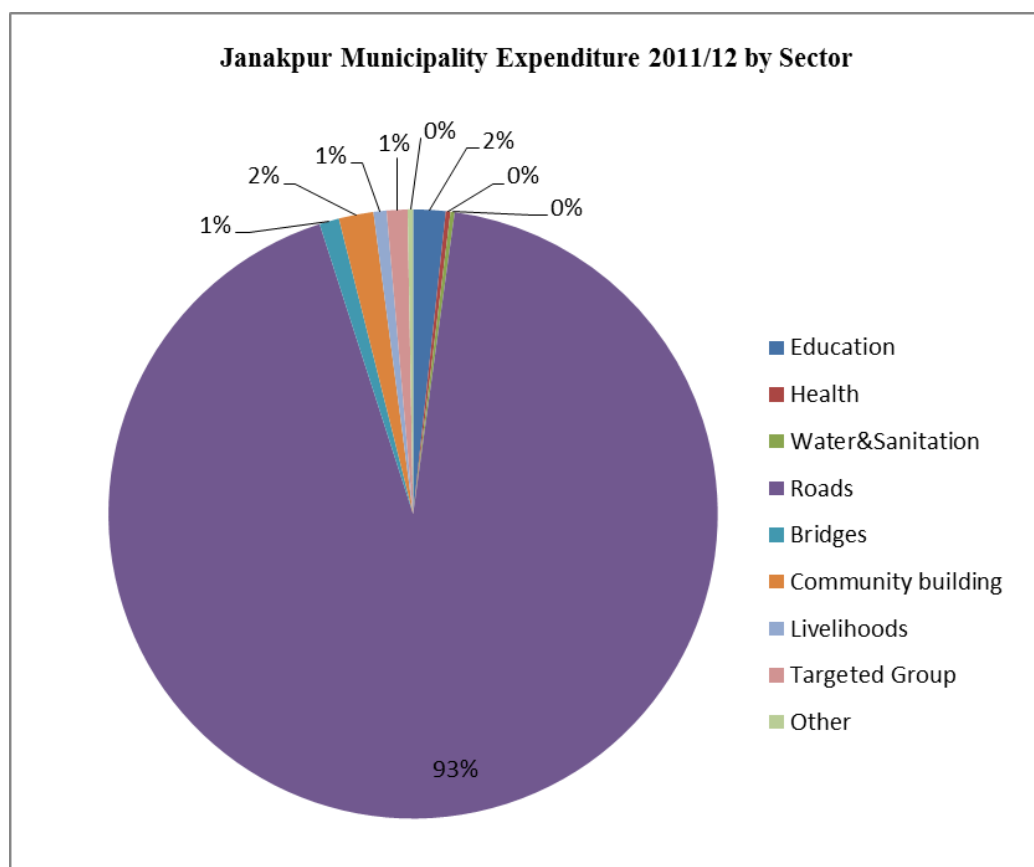


| Source of Funding                                    | S.N | Project   | Amount               | Sector                 |
|--|-----|---|----------------------|------------------------|
|  | 9   | Road construction, JNP 4  | 32,738.25            | Roads - Construction   |
|  | 10  | Road construction, JNP 16   | 500,491.30           | Roads - Construction   |
|  | 11  | Railing and Marbling in Ram Tower, JNP 4  | 78,423.13            | Other                  |
|  | 12  | PCC, Drainage and public toilet construction, JNP 6                                     | 1,103,989.65         | Roads - Construction   |
|  |     | <b>Total</b>  | <b>3,714,970.79</b>  |                        |
| <b>Local Transport Infrastructure Sector Program</b> | 1   | PCC construction, JNP 9,14  | 1,102,914.39         | Roads - Construction   |
|  | 2   | Construction of PCC and Drainage, JNP 2   | 550,196.95           | Roads - Construction   |
|  | 3   | PCC construction, JNP 1   | 786,102.84           | Roads - Construction   |
|  | 4   | PCC construction, JNP 4   | 500,170.51           | Roads - Construction   |
|  | 5   | PCC and Drainage construction, JNP9   | 250,580.70           | Roads - Construction   |
|  | 6   | PCC and Drainage construction, JNP14  | 691,689.63           | Roads - Construction   |
|  | 7   | Culvert construction, JNP7  | 224,086.01           | Bridges - Construction |
|  | 8   | Maintenance Funds   | 169,300.00           | Roads - Maintenance    |
|  |     | <b>Total</b>  | <b>4,275,041.03</b>  |                        |
| <b>Jageda Funds</b>                                  | 1   | Drainage and PCC construction, JNP 8  | 2,487,354.02         | Roads - Construction   |
|  | 2   | Drainage and PCC construction, JNP 1  | 3,736,237.46         | Roads - Construction   |
|  | 3   | Drainage construction, JNP4   | 3,235,026.06         | Roads - Construction   |
|  | 4   | Drainage and PCC construction, JNP 16   | 1,996,951.35         | Roads - Construction   |
|  | 5   | PCC and Drainage construction, JNP 9  | 3,204,831.97         | Roads - Construction   |
|  | 6   | PCC and Drainage construction, JNP 2 & 11   |                      | Roads - Construction   |
|  |     | <b>Total</b>  | <b>14,660,400.86</b> |                        |
| <b>Road board</b>                                    | 1   | Black topped road maintenance Janakpur cigarette factory to Suva Chowk                  | 589,114.87           | Roads - Maintenance    |
|  | 2   | PCC maintenance, JNP 5  | 90,117.37            | Roads - Maintenance    |
|  | 3   | Gravelling, JNP 4 & 12  | 235,760.82           | Roads - Maintenance    |
|  | 4   | Black topped road maintenance Janak Chowk to Ram Temple and Sona Bazar's Jyoti Clothing | 464,164.88           | Roads - Maintenance    |
|  | 5   | Road and Drainage maintenance, JNP 4  | 93,861.33            | Roads - Maintenance    |
|  | 6   | Bridge Maintenance, Jalad River, JNP 16   | 46,826.37            | Bridges - Maintenance  |
|  | 7   | Road Watchman   | 22,995.00            | Roads - General        |
|  |     | <b>Total</b>  | <b>1,542,840.64</b>  |                        |
| <b>GRAND TOTAL</b>                                   |     |   | <b>27,352,282.11</b> |                        |

| Summary of Janakpur Municipality Expenditure 2011/12 by Sub-Sector |                      |
|--|----------------------|
| Sector   | Amount               |
| Education - General  | 396,952.95           |
| Education - Construction   | 71,495.47            |
| Education - Maintenance  | 0.00                 |
| Education - Teachers   | 0.00                 |
| Health - General   | 68,500.00            |
| Health - Construction  | 0.00                 |
| Water&Sanitation - General   | 0.00                 |
| Water&Sanitation - Construction                                    | 60,265.00            |
| Water&Sanitation - Maintenance                                     | 0.00                 |
| Roads - General  | 22,995.00            |
| Roads - Design   | 0.00                 |
| Roads - Construction   | 23,576,989.82        |
| Roads - Maintenance  | 1,795,828.71         |
| Bridges - General  | 0.00                 |
| Bridges - Construction   | 239,901.61           |
| Bridges - Maintenance  | 46,826.37            |
| Agriculture - General  | 0.00                 |
| Agriculture - Construction   | 0.00                 |
| Agriculture - Irrigation   | 0.00                 |
| Community building - General                                       | 0.00                 |
| Community building - Construction                                  | 502,869.05           |
| Community building - Maintenance                                   | 0.00                 |
| Religious - General  | 0.00                 |
| Religious - Construction   | 0.00                 |
| Religious - Maintenance  | 0.00                 |
| Energy   | 0.00                 |
| Energy - Construction  | 0.00                 |
| Livelihoods  | 190,000.00           |
| Economic Development   | 0.00                 |
| Targeted Group - Unknown   | 301,235.00           |
| Security - General   | 0.00                 |
| Other  | 78,423.13            |
| <b>TOTAL</b>   | <b>27,352,282.11</b> |

| Summary of Janakpur Municipality Expenditure 2011/12 by Sector |                      |               |
|--|----------------------|---------------|
| Sector   | Amount               | % of Total    |
| Education  | 468,448.42           | 1.71          |
| Health   | 68,500.00            | 0.25          |
| Water&Sanitation   | 60,265.00            | 0.22          |
| Roads  | 25,395,813.53        | 92.85         |
| Bridges  | 286,727.98           | 1.05          |
| Community building   | 502,869.05           | 1.84          |
| Livelihoods  | 190,000.00           | 0.69          |
| Targeted Group   | 301,235.00           | 1.10          |
| Other  | 78,423.13            | 0.29          |
| <b>TOTAL</b>   | <b>27,352,282.11</b> | <b>100.00</b> |

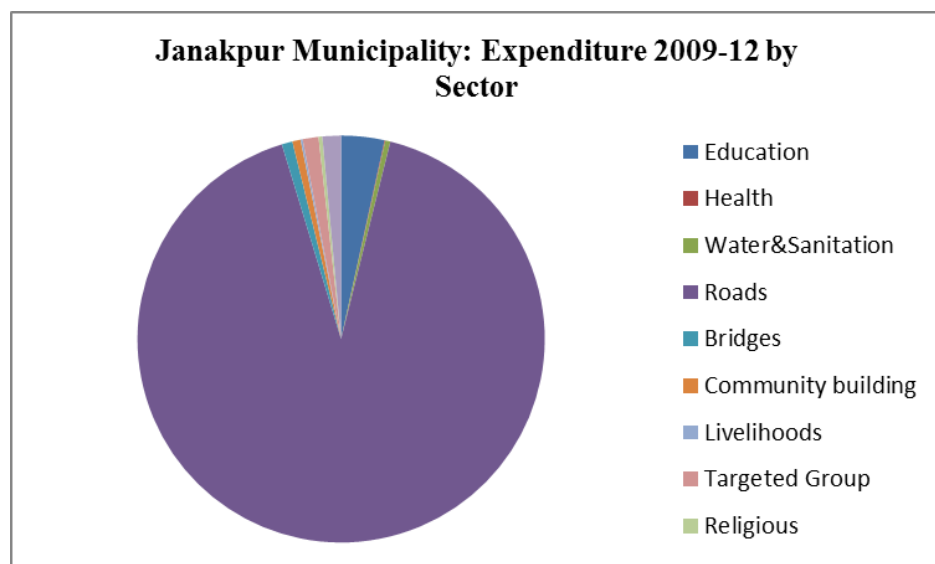
Figure 20: Janakpur Municipality expenditure 2011/12 by sector



### Summary of Janakpur Municipality Expenditure by Sector FYs 2009/10 - 2011/12

| Summary of Janakpur Municipality Expenditure 2009-12 by Sector |                    |            |
|--|--------------------|------------|
| Sector   | Amount (NRs)       | % of Total |
| Education  | 3,791,052          | 3.42       |
| Health   | 68,500             | 0.06       |
| Water&Sanitation   | 452,528            | 0.41       |
| Roads  | 101,186,082        | 91.40      |
| Bridges  | 945,637            | 0.85       |
| Community building   | 717,809            | 0.65       |
| Livelihoods  | 190,000            | 0.17       |
| Targeted Group   | 1,391,492          | 1.26       |
| Religious  | 332,962            | 0.30       |
| Other  | 1,628,257          | 1.47       |
| <b>Total</b>   | <b>110,704,319</b> | <b>100</b> |

Figure 21: Janakpur Municipality expenditure 2009-12 by Sector



## EXPENDITURE DETAILS - DHANUSA DISTRICT

### Dhanusa DDC Expenditure Details 2010/11

| Source of Funding  | S.N | Project  | Amount     | Sector                            |
|--------------------|-----|--|------------|-----------------------------------|
| DDC Grants Capital | 1   | Sahid Ram Brichha Yada Memorial, Barmajhiya                  | 262,844.00 | Religious - General               |
|                    | 2   | Udeshowr Nath Mahdev Temple, conservation                    | 45,992.00  | Religious - Maintenance           |
|                    | 3   | Sahalesh Gahabar Construction, Babhai                        | 250,000.00 | Religious - Construction          |
|                    | 4   | Solar Energy, Gahairya                                       | 205,000.00 | Energy                            |
|                    | 5   | Police beat Construction, Dhanusa                            | 500,000.00 | Security - Construction           |
|                    | 6   | Armed Police Hall Roof Maintenance                           | 300,000.00 | Security - Maintenance            |
|                    | 7   | Payment of detailed survey design, Manaharpur-Dhabauli Road  | 267,300.00 | Roads - Design                    |
|                    | 8   | Payment of detailed survey design, Mauwa-balabakhar Road     | 267,300.00 | Roads - Design                    |
|                    | 9   | Payment of detailed survey design, Naktachhij-Bateshowr Road | 285,120.00 | Roads - Design                    |
|                    | 10  | Furniture, Hangaha LSS                                       | 300,000.00 | Education - General               |
|                    | 11  | Payment of detailed survey design, Devepura-Khariyani Road   | 267,300.00 | Roads - Design                    |
|                    | 12  | Payment of detailed survey design, Devepura-Khariyani Road   | 326,700.00 | Roads - Design                    |
|                    | 13  | Payment of detailed survey design, Many roads                | 326,700.00 | Roads - Design                    |
|                    | 14  | Payment of detailed survey design, Many roads                | 267,300.00 | Roads - Design                    |
|                    | 15  | Hulaki Road maintenance                                      | 30,240.00  | Roads - Maintenance               |
|                    | 16  | Zonal Police Quarter maintenance                             | 250,000.00 | Security - Maintenance            |
|                    | 17  | Sports program   | 20,000.00  | Other                             |
|                    | 18  | Program Operation, Janakpur Deaf Association                 | 5,000.00   | Targeted Group - Unknown          |
|                    | 19  | School Building construction, Balmiki Nagar                  | 250,000.00 | Education - Construction          |
|                    | 20  | Bio gas plant, RCSDC   | 245,000.00 | Energy                            |
|                    | 21  | Community Building construction, Hansapur                    | 250,000.00 | Community building - Construction |
|                    | 22  | Writer association's building construction                   | 200,000.00 | Community building - Construction |
|                    | 23  | Furniture, Godar HSS   | 200,000.00 | Education - General               |
|                    | 24  | Community Building construction, JNP8                        | 400,000.00 | Community building - Construction |
|                    | 25  | Road maintenance, Saketnagar                                 | 300,000.00 | Roads - Maintenance               |
|                    | 26  | School building maintenance, SNR HSS, Dhabauli               | 200,000.00 | Education - Maintenance           |
|                    | 27  | Furniture Purchasing, Dibasdeep PS                           | 150,000.00 | Education - General               |
|                    | 28  | Building Construction, NPS, JNP8                             | 97,491.00  | Other                             |
|                    | 29  | Building Construction, Nepal Bar Association, JNP            | 149,840.00 | Other                             |
|                    | 30  | School Infrastructure Development, RPS, Kachuri              | 200,000.00 | Education - Construction          |

| Source of Funding    | S.N | Project   | Amount               | Sector                            |
|----------------------|-----|---|----------------------|-----------------------------------|
|                      | 31  | Dalit community building construction, Bagewa             | 160,847.00           | Community building - Construction |
|                      | 32  | Road maintenance, JNP 4                                   | 45,154.00            | Roads - Maintenance               |
|                      | 33  | Road maintenance JNP8                                     | 400,000.00           | Roads - Maintenance               |
|                      | 34  | Community building construction, Ragunathpur              | 400,000.00           | Community building - Construction |
|                      | 35  | Building construction, Nepal Journalism association       | 300,000.00           | Other                             |
|                      | 36  | Community building construction, Bahedabela-7             | 250,000.00           | Community building - Construction |
|                      | 37  | Road maintenance, Harini                                  | 400,000.00           | Roads - Maintenance               |
|                      | 38  | Bridge maintenance, Machehitkaiya                         | 250,000.00           | Bridges - Maintenance             |
|                      | 39  | Community Building, Bahedabela                            | 250,000.00           | Community building - General      |
|                      | 40  | Road Maintenance, Banimiya                                | 300,000.00           | Roads - Maintenance               |
|                      | 41  | Sewing and cutting training, Labtoli                      | 200,000.00           | Livelihoods                       |
|                      | 42  | Furniture Purchasing, Pressclub Janakpur                  | 125,000.00           | Other                             |
|                      | 43  | Maithili Development Fund, Dhanusa                        | 150,000.00           | Targeted Group - Unknown          |
|                      | 44  | Leadership Development program, Paudeshow                 | 200,000.00           | Livelihoods                       |
|                      | 45  | Soil filling at school, RPS, Sugamadhukarahi              | 138,132.00           | Education - Construction          |
|                      | 46  | School building construction, Asharpi Shah Primary School | 200,000.00           | Education - Construction          |
|                      | 47  | Temple maintenance, Yagabalaky SS                         | 200,000.00           | Religious - Maintenance           |
|                      | 48  | Dharmasala Construction, Raghunathpur                     | 491,664.00           | Religious - Construction          |
|                      | 49  | Compound wall, Janasewa, Sacos, Phulgama                  | 250,000.00           | Community building - General      |
|                      | 50  | Road maintenance, Balha to Dumariaya                      | 500,000.00           | Roads - Maintenance               |
|                      | 51  | Bahedavella LSS construction                              | 200,000.00           | Education - Construction          |
|                      | 52  | Road maintenance and Hum Pipe, Raghunathpur               | 199,329.00           | Roads - Maintenance               |
|                      | 53  | School Construction RPS, Hansapur                         | 200,000.00           | Education - Construction          |
|                      | 54  | Road Maintenance Bisarbhoda 6-8                           | 100,000.00           | Roads - Maintenance               |
|                      | 55  | Soil filling in Gyanjyoti PS, JNP                         | 200,000.00           | Education - Construction          |
|                      | 56  | Scholarship distribution, Narayanbaba Sapahi              | 150,000.00           | Education - General               |
|                      |     | <b>Total</b>  | <b>13,079,253.00</b> |                                   |
| <b>RAIDP Capital</b> | 1   | Bridge maintenance, Devpura                               | 400,000.00           | Bridges - Maintenance             |
|                      | 2   | Agro-market Shed Construction, Hodgasa                    | 201,321.00           | Economic Development              |
|                      | 3   | RPS construction, Bhagawanpatti                           | 36,189.00            | Education - Construction          |
|                      | 4   | Remuneration payment, Satya N. Mandal                     | 16,420.00            | Other                             |
|                      | 5   | Bridge construction                                       | 1,490,000.00         | Bridges - Construction            |
|                      |     | <b>Total</b>  | <b>2,143,930.00</b>  |                                   |
|                      |     |   |                      |                                   |

| Source of Funding                           | S.N | Project                                    | Amount              | Sector                          |
|---|-----|--|---------------------|---------------------------------|
| RAIDP Current                               | 1   | Survey Payment, Employee                   | 77,901.00           | Other                           |
|   | 2   | Payment of Remuneration, Arabinda          | 14,600.00           | Other                           |
|   | 3   | Contingency, Ramsatyal                     | 2,660.00            | Other                           |
|   | 4   | Stationery, Sudha Traders                  | 254,839.00          | Other                           |
|   |     | <b>Total</b>                               | <b>350,000.00</b>   |                                 |
| Rural Electrification                       | 1   | Transfer installation, DDC Dhanusa         | 89,342.00           | Energy                          |
|   | 2   | Contingency                                | 102,480.00          | Other                           |
|   | 3   | Contingency, office operation, union press | 64,500.00           | Other                           |
|   | 4   | Rural electrification in different VDCs    | 1,178,448.75        | Energy                          |
|   | 5   | Electrification in Laxmipur RPS            | 105,000.00          | Energy                          |
|   | 6   | Road maintenance JNP9, Saket nagar         | 300,000.00          | Roads - Maintenance             |
|   | 7   | Road maintenance JNP 9, Biharkunda         | 300,000.00          | Roads - Maintenance             |
|   | 8   | Road maintenance JNP9,                     | 550,000.00          | Roads - Maintenance             |
|   | 9   | Contingency                                | 63,000.00           | Other                           |
|   | 10  | Contingency, Advertisement, Janakpur Today | 5,750.00            | Other                           |
|   | 11  | Contingency Advertisement, Akanchha Daily  | 8,000.00            | Other                           |
|   | 12  | Daily Allowance                            | 21,750.00           | Other                           |
|   |     | <b>Total</b>                               | <b>2,788,270.75</b> |                                 |
| Rural Drinking water                        | 1   | Contingency, Parmeshow Shaha               | 29,055.00           | Other                           |
|   | 2   | Hand Pipe, Rosan Enterprise                | 385,652.05          | Water&Sanitation - Construction |
|   | 3   | Hand Pipe, Rosan Enterprise                | 140,394.59          | Water&Sanitation - Construction |
|   | 4   | Hand Pipe, Rosan Enterprise                | 95,509.86           | Water&Sanitation - Construction |
|   | 5   | Well construction, Tulasi                  | 100,000.00          | Water&Sanitation - Construction |
|   | 6   | Hand Pipe, Rosan Enterprise                | 334,945.52          | Water&Sanitation - Construction |
|   | 7   | Well construction, Laxmi Niwas             | 100,000.00          | Water&Sanitation - Construction |
|   | 8   | Well construction, Godar                   | 100,000.00          | Water&Sanitation - Construction |
|   |     | <b>Total</b>                               | <b>1,285,557.02</b> |                                 |
| Local Transportation Infrastructure Capital | 1   | New Road Maintenance, Dhanusdham-Janakpur  | 600,000.00          | Roads - Maintenance             |
|   |     | <b>Total</b>                               | <b>600,000.00</b>   |                                 |
| Local Infrastructure, Agro-road,            | 1   | Bakhar Irrigation, Godar Chisapani,        | 400,000.00          | Agriculture - Irrigation        |
|   | 2   | Bagdaha Irrigation, theerasat              | 500,000.00          | Agriculture - Irrigation        |

| Source of Funding   | S.N | Project   | Amount              | Sector                   |
|---|-----|---|---------------------|--------------------------|
| Small Irrigation  |     |   |                     |                          |
|   |     | <b>Total</b>  | <b>900,000.00</b>   |                          |
|   |     |   |                     |                          |
| <b>People's Participation</b>                                 | 1   | Road Infrastructure Construction, Barpha Pachapharwa    | 150,000.00          | Roads - Construction     |
|   | 2   | Madan Road construction, Hathipur-Parwaha               | 500,000.00          | Roads - Construction     |
|   | 3   | Road Infrastructure Construction, Labtoli-Baphai        | 500,000.00          | Roads - Construction     |
|   | 4   | Road infrastructure Construction, Jamunibas-Kurtha      | 500,000.00          | Roads - Construction     |
|   | 5   | Road infrastructure Construction, Mithileswor-Bagchauda | 500,000.00          | Roads - Construction     |
|   |     | <b>Total</b>  | <b>2,150,000.00</b> |                          |
|   |     |   |                     |                          |
| <b>Endangered ethnic community program</b>                    | 1   | Public service Commission Preparation Classes           | 200,000.00          | Livelihoods              |
|   |     | <b>Total</b>  | <b>200,000.00</b>   |                          |
|   |     |   |                     |                          |
| <b>National Volunteers Service program recurrent</b>          | 1   | Salary and allowance                                    | 262,990.00          | HR                       |
|   |     | <b>Total</b>  | <b>262,990.00</b>   |                          |
|   |     |   |                     |                          |
| <b>Local Governance Community Development Program (LGCDP)</b> | 1   | Salary and allowance, Jayakumar                         | 455,000.00          | HR                       |
|   | 2   | Meeting Allowance                                       | 153,000.00          | Other                    |
|   | 3   | Training program, Jaya Kumar                            | 488,950.00          | Other                    |
|   | 4   | Program operation, Ram Bhajan                           | 24,145.00           | Other                    |
|   | 5   | Transportation cost, Sunil kumar                        | 15,540.00           | Other                    |
|   | 6   | Transportation cost, Jaya, om & Bina                    | 36,880.00           | Other                    |
|   | 7   | Training program, Madhes Samaj                          | 240,000.00          | Targeted Group - Unknown |
|   | 8   | Training program, Faith Nepal                           | 240,000.00          | Other                    |
|   | 9   | Taining Program, Sunalosamaj                            | 240,000.00          | Other                    |
|   | 10  | Training progam, People's program                       | 240,000.00          | Other                    |
|   | 11  | Training program, Dalit society upliftment committee    | 240,000.00          | Targeted Group - Unknown |
|   | 12  | Taining, Development Nepal                              | 240,000.00          | Other                    |
|   | 13  | Training, Debit Nepal                                   | 240,000.00          | Other                    |
|   | 14  | Training, Hariyali Nepal                                | 185,000.00          | Other                    |
|   | 15  | Contingency, Kausal Traders                             | 45,625.00           | Other                    |
|   | 16  | Transportation, Binod                                   | 23,355.00           | Other                    |
|   | 17  | Training, Samaj Uthan Centre                            | 240,000.00          | Other                    |
|   | 18  | Training, Community Improvement Centre                  | 240,000.00          | Other                    |



| Source of Funding                 | S.N | Project  | Amount               | Sector                   |
|-----------------------------------|-----|--|----------------------|--------------------------|
|                                   | 19  | Training, Community Improvement Centre                               | 240,000.00           | Other                    |
|                                   | 20  | Taining Dalit Empowerment Solidari                                   | 240,000.00           | Targeted Group - Unknown |
|                                   | 21  | Taining Janaki Mahila samaj  | 240,000.00           | Targeted Group - Unknown |
|                                   | 22  | Training, Dalit Empowerment Solidarity Association                   | 230,000.00           | Targeted Group - Unknown |
|                                   | 23  | Advertisement, Umesh Shah  | 15,701.00            | Other                    |
|                                   | 24  | Payment to different VDCs  | 1,729,217.00         | Other                    |
|                                   | 25  | MCPM expenditure, Anita  | 21,625.00            | Other                    |
|                                   | 26  | MCPM expenditure, Sujita   | 21,760.50            | Other                    |
|                                   | 27  | MCPM, Ramchandra   | 21,600.00            | Other                    |
|                                   | 28  | MCPM Basanta   | 21,685.00            | Other                    |
|                                   | 29  | MCPM Mahendra Raya   | 21,500.00            | Other                    |
|                                   | 30  | Training conduction, Madhesh Samaj Kendra                            | 230,000.00           | Other                    |
|                                   | 31  | Training conduction, Sahabhagitatmak Batabaran conservation kendra   | 240,000.00           | Other                    |
|                                   | 32  | Training conduction, Rural development project                       | 240,000.00           | Other                    |
|                                   | 33  | Training conduction, Samaj   | 240,000.00           | Other                    |
|                                   | 34  | MCPM , umesh   | 19,996.00            | Other                    |
|                                   | 35  | Training, Samaj Uthan Centre   | 230,000.00           | Other                    |
|                                   | 36  | MCPM, Umesh shana  | 15,701.00            | Other                    |
|                                   | 37  | Computer purchase  | 104,299.00           | Equipment                |
|                                   | 38  | Training, Faith nepal  | 230,000.00           | Other                    |
|                                   | 39  | Traing, Development Nepal  | 230,000.00           | Other                    |
|                                   | 40  | Training, Samudaik sudhar Nepal                                      | 230,000.00           | Other                    |
|                                   | 41  | Training, Janaki Mahila  | 230,000.00           | Other                    |
|                                   | 42  | Taining , Mitra Dhanus   | 240,000.00           | Other                    |
|                                   | 43  | Training, Debit Nepal  | 230,000.00           | Other                    |
|                                   | 44  | Training, Rural Nepal  | 230,000.00           | Other                    |
|                                   | 45  | Training, Sunaulo Samaj Nepal  | 230,000.00           | Other                    |
|                                   | 46  | Traing, Local development funds                                      | 534,160.00           | Other                    |
|                                   | 47  | MCPM, different evaluator  | 233,236.00           | Other                    |
|                                   | 48  | Training, Dalit Empowerment Solidarity Association                   | 273,000.00           | Targeted Group - Unknown |
|                                   |     | <b>Total</b>   | <b>10,600,975.50</b> |                          |
|                                   |     |  |                      |                          |
| <b>Retired employee service</b>   | 1   | Retirement Facilities for 8 employees - Salary and accumulated leave | 1,175,034.00         | HR                       |
|                                   | 2   | Medical facility   | 1,785,780.00         | HR                       |
|                                   |     | <b>Total</b>   | <b>2,960,814.00</b>  |                          |
|                                   |     |  |                      |                          |
| <b>Central Multi-year program</b> | 1   | Road maintenance, Gajaria, Sapahi                                    | 500,000.00           | Roads - Maintenance      |
|                                   | 2   | Road maintenance, Nipal, Sapahi                                      | 500,000.00           | Roads - Maintenance      |
|                                   | 3   | Road maintenance, Bhuiyathan, Sapahi                                 | 500,000.00           | Roads - Maintenance      |

| Source of Funding  | S.N | Project  | Amount              | Sector                          |
|--|-----|--|---------------------|---------------------------------|
|  | 4   | Road maintenance, Sapahi Chowk to President residence          | 500,000.00          | Roads - Maintenance             |
|  | 5   | Road maintenance, Banigama, Laxminiga                          | 500,000.00          | Roads - Maintenance             |
|  | 6   | Road maintenance, Begadabar, Kishannagar                       | 600,000.00          | Roads - Maintenance             |
|  | 7   | Road maintenance, Dhanusadham                                  | 600,000.00          | Roads - Maintenance             |
|  |     | <b>Total</b>   | <b>3,700,000.00</b> |                                 |
|  |     |  |                     |                                 |
| <b>Local transport infrastructure sectoral program</b>                 | 1   | Road maintenance, Janakpur                                     | 500,000.00          | Roads - Maintenance             |
|  | 2   | Road maintenance, Godar-Chisapani, Sindhuli                    | 700,000.00          | Roads - Maintenance             |
|  | 3   | Road maintenance, Lagma Gadagudi                               | 596,989.00          | Roads - Maintenance             |
|  | 4   | Road maintenance, Balah to Dumaria                             | 1,000,000.00        | Roads - Maintenance             |
|  | 5   | Road maintenance, Baidahi station to Indian border             | 400,000.00          | Roads - Maintenance             |
|  | 6   | Road maintenance, Balganga to Tilahi                           | 398,383.00          | Roads - Maintenance             |
|  |     | <b>Total</b>   | <b>3,595,372.00</b> |                                 |
|  |     |  |                     |                                 |
| <b>Local level's road, bridge and community access improve project</b> | 1   | Bridge construction, Surya R.B. Construction, J.V              | 3,300,000.00        | Bridges - Construction          |
|  | 2   | Bridge construction, Oasis Earth J.V.                          | 1,527,404.56        | Bridges - Construction          |
|  |     | <b>Total</b>   | <b>4,827,404.56</b> |                                 |
|  |     |  |                     |                                 |
| <b>Madhes, backward group and Muslim welfare program</b>               | 1   | Drinking water, Sanitation and Toilet construction, Batteshwor | 1,500,000.00        | Water&Sanitation - Construction |
|  | 2   | Drinking water, Sanitation and Toilet construction, Tarapti    | 999,950.00          | Water&Sanitation - Construction |
|  |     | <b>Total</b>   | <b>2,499,950.00</b> |                                 |
|  |     |  |                     |                                 |
| <b>Backward, Dalit program capital</b>                                 | 1   | Contingency expenditure, Janakir Arts                          | 1,300.00            | Other                           |
|  | 2   | Sahabhoj Program   | 40,000.00           | Targeted Group - Unknown        |
|  | 3   | Training, Rambabu rabi das                                     | 55,000.00           | Targeted Group - Unknown        |
|  | 4   | Agabatti Training, Dhanauji                                    | 30,000.00           | Livelihoods                     |
|  | 5   | Agabatti Training, Machijhitkaiya                              | 55,000.00           | Livelihoods                     |
|  | 6   | Candle Making Training, Pacharwa                               | 55,000.00           | Livelihoods                     |
|  | 7   | Candle Making Training, Bateshwar                              | 55,000.00           | Livelihoods                     |
|  | 8   | Candle Making Training, Bharatpur                              | 55,000.00           | Livelihoods                     |
|  | 9   | Candle Making Training, Santipur                               | 55,000.00           | Livelihoods                     |
|  |     | <b>Total</b>   | <b>401,300.00</b>   |                                 |
|  |     |  |                     |                                 |
| <b>Gumba Management program</b>  | 1   | Gumba management and maintenance, Tulsi                        | 88,000.00           | Religious - Maintenance         |
|  | 2   | Gumba management and maintenance, Begadawar,4                  | 50,000.00           | Religious - Maintenance         |

| Source of Funding           | S.N | Project  | Amount               | Sector                   |
|-----------------------------|-----|--|----------------------|--------------------------|
|                             | 3   | Gumba management and maintenance, Begadwar-9   | 49,153.00            | Religious - Maintenance  |
|                             |     | <b>Total</b>   | <b>187,153.00</b>    |                          |
|                             |     |  |                      |                          |
| <b>DDC grants Recurrent</b> | 1   | Salary of DDC, DTO, VDC secretary, Local Development Funds & B.P.Koirala with Poor Programs's Employee | 27,668,425.25        | HR                       |
|                             |     | <b>Total</b>   | <b>27,668,425.25</b> |                          |
|                             |     |  |                      |                          |
| <b>Alternative energy</b>   | 1   | Salary   | 388,139.00           | HR                       |
|                             | 2   | Motor Cycle Purchase, Bhajuratna   | 166,900.00           | Equipment                |
|                             | 3   | Contingency, Hotel Indrabhog   | 77,600.00            | Other                    |
|                             | 4   | Program operation, Ajit kumar  | 62,816.00            | Other                    |
|                             |     | <b>Total</b>   | <b>695,455.00</b>    |                          |
|                             |     |  |                      |                          |
| <b>Registration fee</b>     | 1   | Shiva Temple construction, DDC compound  | 100,000.00           | Religious - Construction |
|                             | 2   | Hume Pipe purchase, Nepal pipe industries  | 21,752.00            | Other                    |
|                             | 3   | Soil filling   | 141,685.00           | Other                    |
|                             | 4   | Inauguration expenditure, KSH, HSS, Khajuri  | 100,000.00           | Other                    |
|                             | 5   | Tractor accident at tarapati Sirsiya   | 450,000.00           | Other                    |
|                             | 6   | Land Tax office (Return)   | 854,161.75           | Other                    |
|                             | 7   | Karkat Pata Purchase, Gauri Sankar Iron Industry   | 89,199.94            | Other                    |
|                             | 8   | Arrear Settle, RAIDP   | 522,382.91           | Other                    |
|                             | 9   | Publication expenditure, color advertisng  | 238,656.00           | Other                    |
|                             | 10  | Hume Pipe purchase, Janaki pipe industry   | 28,365.26            | Other                    |
|                             | 11  | Fuel   | 405,955.62           | Other                    |
|                             | 12  | Internet, Wordlink   | 135,600.00           | Other                    |
|                             | 13  | Borrow Expenditure, DDC funds  | 1,000,000.00         | Advance                  |
|                             | 14  | Zink Sheet purchase, Gaurisankar Iron Industry   | 47,141.34            | Other                    |
|                             | 15  | Borrow Expenditure, DDC funds  | 500,000.00           | Advance                  |
|                             | 16  | Borrow Expenditure, DDC funds  | 4,000,000.00         | Advance                  |
|                             | 17  | Borrow Expenditure, DDC funds  | 1,000,000.00         | Advance                  |
|                             | 18  | Matching fund, Road board  | 788,917.00           | Roads - General          |
|                             | 19  | Maithili Drama Festival  | 100,000.00           | Other                    |
|                             | 20  | Road construction, Begashivapur, 4 & 5   | 300,000.00           | Roads - Construction     |
|                             | 21  | Program of Micro Entrepreneurship Development Program  | 400,000.00           | Economic Development     |
|                             | 22  | Borrow Expenditure, DDC funds  | 200,000.00           | Advance                  |
|                             | 23  | Borrow Expenditure, DDC funds  | 1,000,000.00         | Advance                  |
|                             | 24  | Borrow Expenditure, Khajuri Mauwa  | 1,200,000.00         | Advance                  |

| Source of Funding                         | S.N | Project   | Amount               | Sector                            |
|---|-----|---|----------------------|-----------------------------------|
|   |     | Lagma Road  |                      |                                   |
|   | 25  | Road Maintenance, Basbitti                                | 700,000.00           | Roads - Maintenance               |
|   | 26  | Temple construction, Duladulahi Janaki Temple             | 350,000.00           | Religious - Construction          |
|   | 27  | Road Maintenance, JNP13                                   | 200,000.00           | Roads - Maintenance               |
|   | 28  | Temple rennovation, Sankat mochan JNP                     | 250,000.00           | Religious - Maintenance           |
|   | 29  | Shed construction, Gurash, Labtolli                       | 300,000.00           | Other                             |
|   | 30  | Road maintenance, JNP13                                   | 150,000.00           | Roads - Maintenance               |
|   | 31  | Durga Temple construction, Lagma bazar                    | 125,000.00           | Religious - Construction          |
|   | 32  | Road maintenance, Jhatiyai                                | 300,000.00           | Roads - Maintenance               |
|   | 33  | Community Building Construction, Mahuwa                   | 200,000.00           | Community building - Construction |
|   | 34  | Shahid Rambrichha Yadav Memorial construction, Barmajhiya | 37,156.00            | Other                             |
|   | 35  | Borrow spent, DDC funds                                   | 1,300,000.00         | Advance                           |
|   | 36  | Culvert construction, Mauwa                               | 100,000.00           | Bridges - Construction            |
|   | 37  | Fuel  | 65,898.14            | Other                             |
|   | 38  | Culvert construction, Rural parna construction            | 400,000.00           | Bridges - Construction            |
|   | 39  | Borrow Expenditure, DDC funds                             | 400,000.00           | Advance                           |
|   | 40  | Miscellaneous, Buddha Bahadur                             | 8,000.00             | Other                             |
|   | 41  | Road construction, Lagma, Gadagudi                        | 200,000.00           | Roads - Construction              |
|   | 42  | Women awareness program, JNP 4                            | 300,000.00           | Targeted Group - Unknown          |
|   | 43  | Women awareness program, Samaj Uthan Nepal                | 300,000.00           | Targeted Group - Unknown          |
|   | 44  | Soil filling, KSH, HSS, Khajuri                           | 228,691.00           | Education - Maintenance           |
|   | 45  | Community Building Construction, Laxmipur, Bagewa         | 39,153.00            | Community building - Construction |
|   | 46  | Culvert Construction, Mauwa                               | 159,430.00           | Bridges - Construction            |
|   |     | <b>Total</b>  | <b>19,737,144.96</b> |                                   |
| <b>Road board</b>                         | 1   | Hulaki Road maintenance                                   | 350,000.00           | Roads - Maintenance               |
|   | 2   | Road maintenance, Tikauriya                               | 350,000.00           | Roads - Maintenance               |
|   | 3   | Hulaki Road maintenance                                   | 1,365,310.00         | Roads - Maintenance               |
|   | 4   | Road maintenance, Tikauriya                               | 1,523,607.00         | Roads - Maintenance               |
|   |     | <b>Total</b>  | <b>3,588,917.00</b>  |                                   |
| <b>Cultural promotion program</b>         | 1   | Sahid Rambrichha Yadav, Barmajiya                         | 1,000,000.00         | Other                             |
|   |     | <b>Total</b>  | <b>1,000,000.00</b>  |                                   |
| <b>Gender equity and social inclusive</b> | 1   | Training, community improvement Centre                    | 400,000.00           | Other                             |
|   | 2   | Training, Women and Children Office                       | 300,000.00           | Targeted Group - Unknown          |

| Source of Funding                              | S.N | Project  | Amount              | Sector                            |
|--|-----|--|---------------------|-----------------------------------|
| program  | 3   | Contingency, Syam Computer                       | 100,000.00          | Other                             |
|  |     | <b>Total</b>                                     | <b>800,000.00</b>   |                                   |
|  |     |  |                     |                                   |
| Indian Embassy supported program               | 1   | Road construction, Khajuri-Mahuwa-Lagma          | 1,170,595.00        | Roads - Construction              |
|  | 2   | School construction, BPHS, Sapahi                | 4,945,451.31        | Education - Construction          |
|  | 3   | School construction, Tapasi Baba HS, Sonigama    | 48,360.00           | Education - Construction          |
|  |     | <b>Total</b>                                     | <b>6,164,406.31</b> |                                   |
|  |     |  |                     |                                   |
| Consituency development program(21 CA members) | 1   | Contingency(21x15000=315000)                     | 315,000.00          | Other                             |
|  | 2   | Administration(21x50000=1050000)                 | 1,050,000.00        | Other                             |
|  | 3   | Road maintenance, Janakpur to Yadukuwa           | 100,000.00          | Roads - Maintenance               |
|  | 4   | Furniture and sports                             | 250,000.00          | Other                             |
|  | 5   | Hand Pipe distribution                           | 150,000.00          | Water&Sanitation - General        |
|  | 6   | Mosquito Pesticide, JNP                          | 145,000.00          | Other                             |
|  | 7   | Skill development training                       | 200,000.00          | Livelihoods                       |
|  | 8   | Rahat distribution (5 people)                    | 90,000.00           | Education - Teachers              |
|  | 9   | Ramsaroj Yadav memorial building                 | 150,000.00          | Other                             |
|  | 10  | Mithial Drama Council                            | 50,000.00           | Other                             |
|  | 11  | Masanghat, Sworgadwari Hospital                  | 50,000.00           | Health - General                  |
|  | 12  | Secondary School Construction, Bahedabela        | 135,000.00          | Education - Construction          |
|  | 13  | Road maintenance                                 | 250,000.00          | Roads - Maintenance               |
|  | 14  | Computer & furniture purchasing                  | 250,000.00          | Equipment                         |
|  | 15  | Community Reproductive Centre, bangadarwar       | 50,000.00           | Health - General                  |
|  | 16  | Sahid Memorial Building                          | 150,000.00          | Other                             |
|  | 17  | Dalit community building construction, Basahiya  | 100,000.00          | Community building - Construction |
|  | 18  | Dalit community building construction, Hansapati | 40,000.00           | Community building - Construction |
|  | 19  | Mandal community building, Lgma                  | 50,000.00           | Community building - Construction |
|  | 20  | Dalit Shool, Devpura                             | 50,000.00           | Education - General               |
|  | 21  | Hanuman Temple                                   | 50,000.00           | Religious - General               |
|  | 22  | Furniture in different organization              | 435,000.00          | Other                             |
|  | 23  | Compound wall construction at Masjit, Mouwahi    | 135,000.00          | Other                             |
|  | 24  | Mahabir temple construction, Bangasitpur         | 200,000.00          | Religious - Construction          |
|  | 25  | Dalit community building, ramadaiyabhawari       | 100,000.00          | Community building - General      |
|  | 26  | Youth community building, Santipur               | 98,623.00           | Community building - General      |
|  | 27  | Community building, gopalpur                     | 200,000.00          | Community building - General      |
|  | 28  | Community building, Mansingpatti                 | 100,000.00          | Community building -              |

| Source of Funding | S.N | Project  | Amount     | Sector                            |
|-------------------|-----|--|------------|-----------------------------------|
|                   |     |  |            | General                           |
|                   | 29  | Community building, Sindurjoda                   | 100,000.00 | Community building - General      |
|                   | 30  | Memorial building, JNP                           | 50,000.00  | Other                             |
|                   | 31  | Drain construction, JNP 3                        | 220,000.00 | Water&Sanitation - Construction   |
|                   | 32  | Drain construction, JNP 4                        | 200,000.00 | Water&Sanitation - Construction   |
|                   | 33  | Temple and road renovation, JNP12                | 90,000.00  | Roads - Maintenance               |
|                   | 34  | Hand Pipe JNP3                                   | 200,000.00 | Water&Sanitation - General        |
|                   | 35  | Library compound wall construction, JNP 9        | 100,000.00 | Other                             |
|                   | 36  | Road maintenance, JNP12                          | 75,000.00  | Roads - Maintenance               |
|                   | 37  | Community construction, Tarapati 9               | 100,000.00 | Community building - Construction |
|                   | 38  | Soil filling, Tapapati 6 &7                      | 600,000.00 | Other                             |
|                   | 39  | Hand Pipe distribution                           | 235,000.00 | Water&Sanitation - General        |
|                   | 40  | Teli community building, sapahi                  | 300,000.00 | Community building - Construction |
|                   | 41  | Social welfare centre, Sapahi-5                  | 250,000.00 | Community building - General      |
|                   | 42  | Tamalopa Office, Janakpur                        | 50,000.00  | Other                             |
|                   | 43  | Dharmasala maintenance, JNP13                    | 50,000.00  | Religious - Maintenance           |
|                   | 44  | Women empowerment                                | 285,000.00 | Targeted Group - Unknown          |
|                   | 45  | Mithila Building compound wall, JNP4             | 335,000.00 | Targeted Group - Unknown          |
|                   | 46  | Jayabir youth club, Phulgama                     | 200,000.00 | Targeted Group - Unknown          |
|                   | 47  | Dalit community building,Lohana                  | 100,000.00 | Community building - General      |
|                   | 48  | Well construction, Bangadabar                    | 200,000.00 | Water&Sanitation - Construction   |
|                   | 49  | Community building construction, Thilla2         | 100,000.00 | Community building - Construction |
|                   | 50  | Furniture for rural women centre, JNP            | 350,000.00 | Other                             |
|                   | 51  | Drinking water hand pipe                         | 335,000.00 | Water&Sanitation - General        |
|                   | 52  | Road maintenance JNP1                            | 150,000.00 | Roads - Maintenance               |
|                   | 53  | Drinking water hand pipe, Lakad                  | 50,000.00  | Water&Sanitation - General        |
|                   | 54  | Dhanusa Service committee Hospital               | 50,000.00  | Health - General                  |
|                   | 55  | Pond maintenance and renovation, Machi Jhitkaiya | 300,000.00 | Livelihoods                       |
|                   | 56  | Road construction 400M, Machi Lagma              | 500,000.00 | Roads - Construction              |
|                   | 57  | Drinking water c1                                | 135,000.00 | Water&Sanitation - General        |
|                   | 58  | Bhairab RPS, Sirsiya 5                           | 100,000.00 | Education - General               |
|                   | 59  | Divas Deep RPS, Banigama, Sapahi 5               | 100,000.00 | Education - General               |
|                   | 60  | Bajranga RPS, Benga                              | 100,000.00 | Education - General               |
|                   | 61  | Health post, Bhagawanpatti                       | 50,000.00  | Health - General                  |
|                   | 62  | Road gravel, Mahendra Nagar                      | 100,000.00 | Roads - General                   |
|                   | 63  | Sports materials, CA5                            | 100,000.00 | Other                             |
|                   | 64  | Youth Empowerment CA 5                           | 385,000.00 | Other                             |

| Source of Funding | S.N | Project   | Amount     | Sector                            |
|-------------------|-----|---|------------|-----------------------------------|
|                   | 65  | Road gravel, Dhanusadham                                | 935,000.00 | Roads - General                   |
|                   | 66  | Sahid Memorial Building                                 | 100,000.00 | Other                             |
|                   | 67  | Shree Sschool, Kuwarampur                               | 100,000.00 | Education - General               |
|                   | 68  | Suryadaya Library, Janakpur                             | 50,000.00  | Other                             |
|                   | 69  | Buidling construction CA4                               | 50,000.00  | Other                             |
|                   | 70  | Durga Temple construction, Laxmipur, Bagewa             | 85,000.00  | Religious - Construction          |
|                   | 71  | Women empowerment, Janakpur                             | 350,000.00 | Targeted Group - Unknown          |
|                   | 72  | Furniture purchasing, Janakpur                          | 200,000.00 | Other                             |
|                   | 73  | Furniture purchasing, Janakpur                          | 135,000.00 | Other                             |
|                   | 74  | Police Post construction, Tulsiyahi                     | 80,000.00  | Security - Construction           |
|                   | 75  | Ram Laxman Temple, Dhanauji                             | 100,000.00 | Religious - General               |
|                   | 76  | Baideja Higher S. School, Tuliya                        | 570,000.00 | Education - General               |
|                   | 77  | Maunibaba Building maintenance, JNP 8                   | 50,000.00  | Other                             |
|                   | 78  | Road gravel, Baphai, Naboli, Hathipur                   | 935,000.00 | Roads - General                   |
|                   | 79  | Dalit community building construction, Ramdaiya 2       | 100,000.00 | Community building - Construction |
|                   | 80  | Dalit community building construction Ramdaiya 4        | 200,000.00 | Community building - Construction |
|                   | 81  | Furniture purchasing, for different organization        | 300,000.00 | Other                             |
|                   | 82  | Sports materials purchase and distribution CFI          | 335,000.00 | Other                             |
|                   | 83  | Kurtha Maharani Temple                                  | 150,000.00 | Religious - General               |
|                   | 84  | Shah Society Service Community Dharmasala, JNP 13       | 250,000.00 | Other                             |
|                   | 85  | Sport material distribution, Mauha JNP                  | 535,000.00 | Other                             |
|                   | 86  | Sahid Kameshowr memorial construction, Hathipur hadbara | 500,000.00 | Other                             |
|                   | 87  | Mithila Drama Festival                                  | 50,000.00  | Other                             |
|                   | 88  | Secondary School , Maholiya                             | 150,000.00 | Education - General               |
|                   | 89  | Bhagabati Temple renovation, Gidda                      | 50,000.00  | Religious - Maintenance           |
|                   | 90  | Lower S. School, Rudauli                                | 50,000.00  | Education - General               |
|                   | 91  | Salahes Temple  | 50,000.00  | Religious - General               |
|                   | 92  | Krishna Temple & OM Shanti Temple, baghachauda          | 85,000.00  | Religious - General               |
|                   | 93  | Madan Ashrit Primary School, Bengadabar 7               | 100,000.00 | Education - General               |
|                   | 94  | Radhara Krishna Temple's Compound wall                  | 50,000.00  | Religious - General               |
|                   | 95  | KabirKuti Roof RCC, Dhalkebar 7                         | 100,000.00 | Other                             |
|                   | 96  | Bishowkarma Temple construction, Bhuchakrapur           | 50,000.00  | Religious - Construction          |
|                   | 97  | Drinking water well and hand pipe distribution          | 635,000.00 | Water&Sanitation - General        |
|                   | 98  | Income generation training JNP                          | 350,000.00 | Livelihoods                       |
|                   | 99  | Computer and furniture for Nepal Development society    | 350,000.00 | Equipment                         |

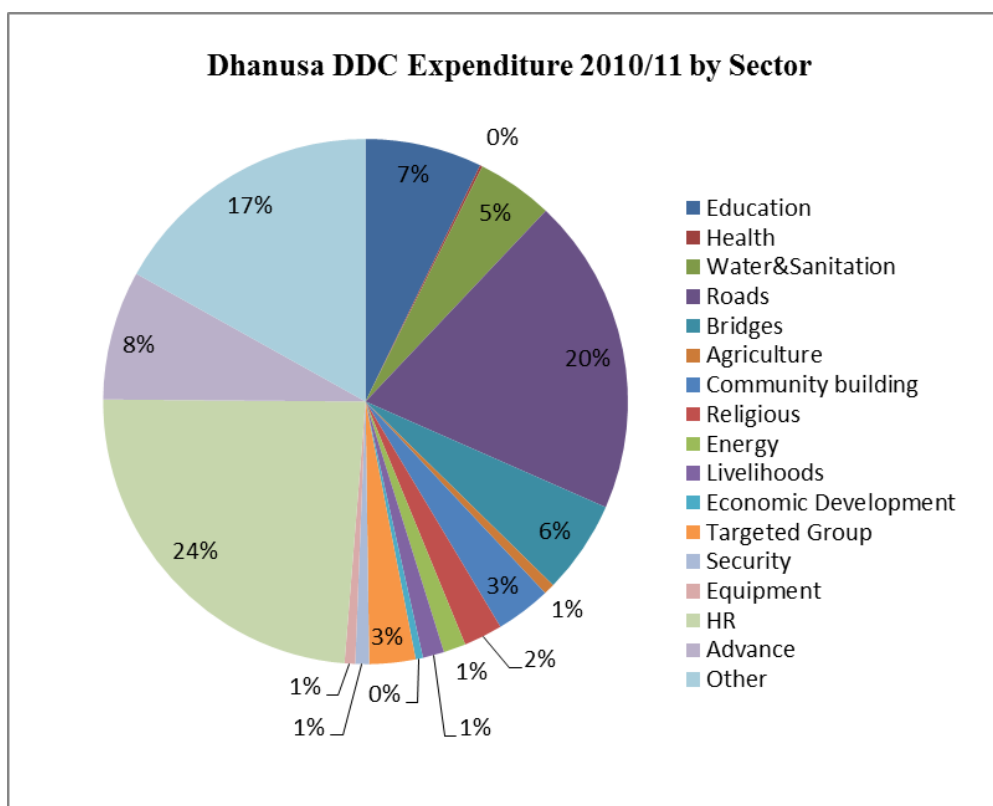
| Source of Funding  | S.N | Project                                 | Amount                | Sector                       |
|--------------------|-----|---|-----------------------|------------------------------|
|                    | 100 | Sports materials for CA3                | 235,000.00            | Other                        |
|                    | 101 | Sahid Durganada Memorial Trust          | 35,000.00             | Other                        |
|                    | 102 | Bramha Kanya R Primary School, Parawaha | 385,000.00            | Education - General          |
|                    | 103 | Baikundadas Masanghat, JNP              | 0.00                  | Religious - General          |
|                    | 104 | Furniture Purchasing JNP4               | 150,000.00            | Other                        |
|                    | 105 | Drinking water hand pipe, Parwaha       | 150,000.00            | Water&Sanitation - General   |
|                    | 106 | Dalit Community Building JNP            | 195,339.00            | Community building - General |
|                    |     | <b>Total</b>                            | <b>20,918,962.00</b>  |                              |
| <b>GRAND TOTAL</b> |     |   | <b>133,106,280.35</b> |                              |



| <b>Summary of Dhanusa DDC Expenditure 2010/11 by sub-Sector</b> |                       |
|---|-----------------------|
| <b>Sector</b>   | <b>Amount</b>         |
| Education - General   | 2,505,000.00          |
| Education - Construction  | 6,553,132.31          |
| Education - Maintenance   | 428,691.00            |
| Education - Teachers  | 90,000.00             |
| Health - General  | 200,000.00            |
| Health - Construction   | 0.00                  |
| Water&Sanitation - General                                      | 1,890,000.00          |
| Water&Sanitation - Construction                                 | 4,376,452.02          |
| Water&Sanitation - Maintenance                                  | 0.00                  |
| Roads - General   | 2,758,917.00          |
| Roads - Design  | 2,007,720.00          |
| Roads - Construction  | 4,320,595.00          |
| Roads - Maintenance   | 16,924,012.00         |
| Bridges - General   | 0.00                  |
| Bridges - Construction  | 6,976,834.56          |
| Bridges - Maintenance   | 650,000.00            |
| Agriculture - General   | 0.00                  |
| Agriculture - Construction                                      | 0.00                  |
| Agriculture - Irrigation  | 900,000.00            |
| Community building - General                                    | 1,643,962.00          |
| Community building - Construction                               | 2,890,000.00          |
| Community building - Maintenance                                | 0.00                  |
| Religious - General   | 747,844.00            |
| Religious - Construction  | 1,651,664.00          |
| Religious - Maintenance   | 783,145.00            |
| Energy  | 1,822,790.75          |
| Energy - Construction   | 0.00                  |
| Livelihoods   | 1,755,000.00          |
| Economic Development  | 601,321.00            |
| Targeted Group - Unknown  | 3,783,000.00          |
| Security - General  | 0.00                  |
| Security - Construction   | 580,000.00            |
| Security - Maintenance  | 550,000.00            |
| Environment   | 0.00                  |
| Equipment   | 871,199.00            |
| HR  | 31,735,368.25         |
| Advance   | 10,600,000.00         |
| Other   | 22,509,632.46         |
| <b>TOTAL</b>  | <b>133,106,280.35</b> |

| Summary of Dhanusa DDC Expenditure 2010/11 by Sector |                       |               |
|--|-----------------------|---------------|
| Sector   | Amount                | % of Total    |
| Education  | 9,576,823.31          | 7.19          |
| Health   | 200,000.00            | 0.15          |
| Water&Sanitation                                     | 6,266,452.02          | 4.71          |
| Roads  | 26,011,244.00         | 19.54         |
| Bridges  | 7,626,834.56          | 5.73          |
| Agriculture  | 900,000.00            | 0.68          |
| Community building                                   | 4,533,962.00          | 3.41          |
| Religious  | 3,182,653.00          | 2.39          |
| Energy   | 1,822,790.75          | 1.37          |
| Livelihoods  | 1,755,000.00          | 1.32          |
| Economic Development                                 | 601,321.00            | 0.45          |
| Targeted Group                                       | 3,783,000.00          | 2.84          |
| Security   | 1,130,000.00          | 0.85          |
| Equipment  | 871,199.00            | 0.65          |
| HR   | 31,735,368.25         | 23.84         |
| Advance  | 10,600,000.00         | 7.96          |
| Other  | 22,509,632.46         | 16.91         |
| <b>TOTAL</b>   | <b>133,106,280.35</b> | <b>100.00</b> |

Figure 22: Dhanusa DDC expenditure 2010/11 by sector

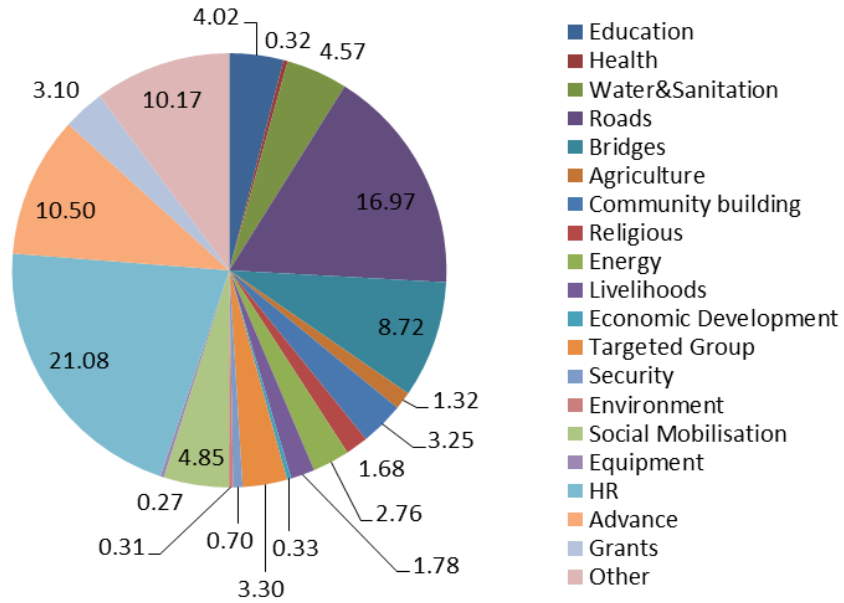


**Summary of Dhanusa DDC Expenditure by Sector FYs 2009/10 - 2011/12**

| <b>DDC Dhanusa 2009-12: Expenditure by Sectors</b> |                    |                   |
|--|--------------------|-------------------|
| <b>Sector</b>                                      | <b>Amount</b>      | <b>% of Total</b> |
| Education  | 12,812,364         | 4.02              |
| Health   | 1,029,106          | 0.32              |
| Water&Sanitation                                   | 14,589,421         | 4.57              |
| Roads  | 54,132,631         | 16.97             |
| Bridges  | 27,814,909         | 8.72              |
| Agriculture  | 4,200,000          | 1.32              |
| Community building                                 | 10,381,677         | 3.25              |
| Religious  | 5,360,691          | 1.68              |
| Energy   | 8,807,984          | 2.76              |
| Livelihoods  | 5,685,000          | 1.78              |
| Economic Development                               | 1,051,321          | 0.33              |
| Targeted Group                                     | 10,522,600         | 3.30              |
| Security   | 2,230,000          | 0.70              |
| Environment  | 976,868            | 0.31              |
| Social Mobilisation                                | 15,484,733         | 4.85              |
| Equipment  | 871,199            | 0.27              |
| HR   | 67,264,320         | 21.08             |
| Advance  | 33,491,692         | 10.50             |
| Grants   | 9,881,146          | 3.10              |
| Other  | 32,445,022         | 10.17             |
| <b>TOTAL</b>                                       | <b>319,032,685</b> | <b>100</b>        |

Figure 23: Dhanusa DDC expenditure 2009-12 by sector

**Dhanusa DDC expenditure by sector 2009-12**



# ANNEX 7: SCHOOL INCOME AND DISTRICT EDUCATION OFFICE EXPENDITURE

## School Income Sources - Dhankuta

| Jurisdiction    | Income sources          | 2009/10           | % of total   | 2010/11           | % of total   | 2011/12           | % of total   | Totals            | % of total   |
|-----------------|-------------------------|-------------------|--------------|-------------------|--------------|-------------------|--------------|-------------------|--------------|
| Bhirgaun VDC    | Brought forward         | 163,229           | 1.4          | 1,817,262         | 11.1         | 3,733,599         | 24.2         | 5,714,090         | 13.1         |
|                 | GoN grants              | 12,232,988        | 102.1        | 12,919,138        | 79.2         | 11,322,778        | 73.5         | 36,474,904        | 83.4         |
|                 | LB contribution         | 316,500           | 2.6          | 160,000           | 1.0          | 150,000           | 1.0          | 626,500           | 1.4          |
|                 | District Education Fund | -                 | -            | -                 | -            | -                 | -            | -                 | -            |
|                 | Other                   | (733,527)         | (6.1)        | 1,423,326         | 8.7          | 204,372           | 1.3          | 894,171           | 2.0          |
|                 | <b>TOTAL</b>            | <b>11,979,190</b> | <b>100.0</b> | <b>16,319,726</b> | <b>100.0</b> | <b>15,410,749</b> | <b>100.0</b> | <b>43,709,665</b> | <b>100.0</b> |
| Hattikharka VDC | Brought forward         | 1,097,526         | 12.3         | 3,722,787         | 38.9         | 3,591,829         | 46.5         | 8,412,142         | 32.1         |
|                 | GoN grants              | 6,222,690         | 69.7         | 5,041,271         | 52.7         | 3,561,298         | 46.1         | 14,825,259        | 56.6         |
|                 | LB contribution         | 209,138           | 2.3          | 189,255           | 2.0          | 94,535            | 1.2          | 492,928           | 1.9          |
|                 | District Education Fund | -                 | -            | -                 | -            | -                 | -            | -                 | -            |
|                 | Other                   | 1,397,703         | 15.7         | 604,917           | 6.3          | 478,841           | 6.2          | 2,481,461         | 9.5          |
|                 | <b>TOTAL</b>            | <b>8,927,057</b>  | <b>100.0</b> | <b>9,558,230</b>  | <b>100.0</b> | <b>7,726,503</b>  | <b>100.0</b> | <b>26,211,790</b> | <b>100.0</b> |
| Rajarani VDC    | Brought forward         | 1,577,572         | 13.0         | 3,548,797         | 20.6         | 3,075,066         | 22.2         | 8,201,435         | 19.0         |
|                 | GoN grants              | 8,683,302         | 71.3         | 8,381,486         | 48.7         | 6,442,837         | 46.4         | 23,507,625        | 54.4         |
|                 | LB contribution         | 95,000            | 0.8          | 90,000            | 0.5          | 151,425           | 1.1          | 336,425           | 0.8          |
|                 | District Education Fund | -                 | -            | -                 | -            | -                 | -            | -                 | -            |
|                 | Other                   | 1,818,473         | 14.9         | 5,181,784         | 30.1         | 4,204,310         | 30.3         | 11,204,567        | 25.9         |
|                 | <b>TOTAL</b>            | <b>12,174,347</b> | <b>100.0</b> | <b>17,202,067</b> | <b>100.0</b> | <b>13,873,638</b> | <b>100.0</b> | <b>43,250,052</b> | <b>100.0</b> |
| Pakhribas VDC   | Brought forward         | 1,076,574         | 7.8          | 2,027,920         | 10.4         | 1,919,945         | 9.9          | 5,024,439         | 9.5          |
|                 | GoN grants              | 7,435,404         | 53.7         | 10,410,186        | 53.4         | 9,458,414         | 49.0         | 27,304,004        | 51.9         |
|                 | LB contribution         | 144,800           | 1.0          | 155,188           | 0.8          | 42,250            | 0.2          | 342,238           | 0.7          |
|                 | District Education Fund | -                 | -            | -                 | -            | -                 | -            | -                 | -            |
|                 | Other                   | 5,198,600         | 37.5         | 6,888,934         | 35.4         | 7,888,816         | 40.9         | 19,976,350        | 37.9         |
|                 | <b>TOTAL</b>            | <b>13,855,378</b> | <b>100.0</b> | <b>19,482,228</b> | <b>100.0</b> | <b>19,309,425</b> | <b>100.0</b> | <b>52,647,031</b> | <b>100.0</b> |
| Bhedetar VDC    | Brought forward         | 2,078,449         | 18.8         | 2,419,570         | 19.4         | 1,984,398         | 18.2         | 6,482,418         | 18.8         |
|                 | GoN grants              | 7,334,343         | 66.5         | 9,203,073         | 73.9         | 7,897,936         | 72.3         | 24,435,352        | 71.0         |
|                 | LB contribution         | 135,000           | 1.2          | 130,000           | 1.0          | 335,900           | 3.1          | 600,900           | 1.7          |

| Jurisdiction          | Income sources          | 2009/10           | % of total   | 2010/11            | % of total   | 2011/12           | % of total   | Totals             | % of total   |
|-----------------------|-------------------------|-------------------|--------------|--------------------|--------------|-------------------|--------------|--------------------|--------------|
|                       | District Education Fund | -                 | -            | -                  | -            | 494,549           | 4.5          | 494,549            | 1.4          |
|                       | Other                   | 1,478,543         | 13.4         | 700,229            | 5.6          | 215,123           | 2.0          | 2,393,894          | 7.0          |
|                       | <b>TOTAL</b>            | <b>11,026,335</b> | <b>100.0</b> | <b>12,452,872</b>  | <b>100.0</b> | <b>10,927,906</b> | <b>100.0</b> | <b>34,407,112</b>  | <b>100.0</b> |
| Dhankuta Municipality |                         |                   |              |                    |              |                   |              |                    |              |
|                       | Brought forward         | 2,705,957         | 10.7         | 5,456,378          | 19.0         | 2,930,685         | 11.2         | 11,093,020         | 13.8         |
|                       | GoN grants              | 18,865,878        | 74.3         | 20,688,354         | 72.1         | 22,271,338        | 85.0         | 61,825,570         | 77.0         |
|                       | LB contribution         | 496,886           | 2.0          | 285,100            | 1.0          | 191,400           | 0.7          | 973,386            | 1.2          |
|                       | District Education Fund | -                 | -            | -                  | -            | -                 | -            | -                  | -            |
|                       | Other                   | 3,329,246         | 13.1         | 2,250,034          | 7.8          | 795,341           | 3.0          | 6,374,621          | 7.9          |
|                       | <b>TOTAL</b>            | <b>25,397,967</b> | <b>100.0</b> | <b>28,679,866</b>  | <b>100.0</b> | <b>26,188,764</b> | <b>100.0</b> | <b>80,266,597</b>  | <b>100.0</b> |
| All schools           |                         |                   |              |                    |              |                   |              |                    |              |
|                       | Brought forward         | 8,699,307         | 10.4         | 18,992,714         | 18.3         | 17,235,522        | 18.4         | 44,927,544         | 16.0         |
|                       | GoN grants              | 60,774,605        | 72.9         | 66,643,508         | 64.3         | 60,954,601        | 65.2         | 188,372,714        | 67.2         |
|                       | LB contribution         | 1,397,324         | 1.7          | 1,009,543          | 1.0          | 965,510           | 1.0          | 3,372,377          | 1.2          |
|                       | District Education Fund | -                 | -            | -                  | -            | 494,549           | 0.5          | 494,549            | 0.2          |
|                       | Other                   | 12,489,038        | 15.0         | 17,049,224         | 16.4         | 13,786,803        | 14.8         | 43,325,064         | 15.4         |
|                       | <b>TOTAL</b>            | <b>83,360,274</b> | <b>100.0</b> | <b>103,694,989</b> | <b>100.0</b> | <b>93,436,985</b> | <b>100.0</b> | <b>280,492,248</b> | <b>100.0</b> |

#### VDC contributions only

| Income sources          | 2009/10           | % of total    | 2010/11           | % of total    | 2011/12           | % of total    | Totals             | % of total    |
|-------------------------|-------------------|---------------|-------------------|---------------|-------------------|---------------|--------------------|---------------|
| Brought forward         | 5,993,350         | 10.34         | 13,536,336        | 18.04         | 14,304,837        | 21.27         | 33,834,524         | 16.90         |
| GoN grants              | 41,908,727        | 72.30         | 45,955,154        | 61.26         | 38,683,263        | 57.52         | 126,547,144        | 63.20         |
| VDC contribution        | 900,438           | 1.55          | 724,443           | 0.97          | 774,110           | 1.15          | 2,398,991          | 1.20          |
| District Education Fund | -                 | -             | -                 | -             | 494,549           | 0.74          | 494,549            | 0.25          |
| Other                   | 9,159,792         | 15.80         | 14,799,190        | 19.73         | 12,991,462        | 19.32         | 36,950,443         | 18.45         |
| <b>TOTAL</b>            | <b>57,962,307</b> | <b>100.00</b> | <b>75,015,123</b> | <b>100.00</b> | <b>67,248,221</b> | <b>100.00</b> | <b>200,225,651</b> | <b>100.00</b> |

**School Income Sources – Dhanusa**

| <b>Jurisdiction</b> | <b>Income sources</b>   | <b>2009/10</b>    | <b>% of total</b> | <b>2010/11</b>    | <b>% of total</b> | <b>2011/12</b>   | <b>% of total</b> | <b>Totals</b>     | <b>% of total</b> |
|---------------------|-------------------------|-------------------|-------------------|-------------------|-------------------|------------------|-------------------|-------------------|-------------------|
| Lohana VDC          | Brought forward         | 1,039,594         | 14.3              | 56,084            | 0.8               | 126,817          | 1.6               | 1,222,495         | 5.4               |
|                     | GoN grants              | 5,532,403         | 76.2              | 6,728,413         | 92.6              | 7,754,728        | 95.8              | 20,015,543        | 88.5              |
|                     | LB contribution         | 32,500            | 0.4               | 200,000           | 2.8               | -                | -                 | 232,500           | 1.0               |
|                     | District Education Fund | -                 | -                 | -                 | -                 | -                | -                 | -                 | -                 |
|                     | Other                   | 660,397           | 9.1               | 278,631           | 3.8               | 214,120          | 2.6               | 1,153,148         | 5.1               |
|                     | <b>TOTAL</b>            | <b>7,264,894</b>  | <b>100.0</b>      | <b>7,263,128</b>  | <b>100.0</b>      | <b>8,095,664</b> | <b>100.0</b>      | <b>22,623,685</b> | <b>100.0</b>      |
| Labtoli VDC         | Brought forward         | 244,041           | 9.5               | 1,460,429         | 61.6              | 1,135,270        | 47.5              | 2,839,740         | 38.7              |
|                     | GoN grants              | 2,258,487         | 87.6              | 911,140           | 38.4              | 1,255,782        | 52.5              | 4,425,409         | 60.3              |
|                     | LB contribution         | -                 | -                 | -                 | -                 | -                | -                 | -                 | -                 |
|                     | District Education Fund | -                 | -                 | -                 | -                 | -                | -                 | -                 | -                 |
|                     | Other                   | 75,000            | 2.9               | -                 | -                 | -                | -                 | 75,000            | 1.0               |
|                     | <b>TOTAL</b>            | <b>2,577,528</b>  | <b>100.0</b>      | <b>2,371,569</b>  | <b>100.0</b>      | <b>2,391,052</b> | <b>100.0</b>      | <b>7,340,149</b>  | <b>100.0</b>      |
| Basbitti VDC        | Brought forward         | 397,706           | 13.3              | 880,554           | 23.6              | 727,391          | 20.5              | 2,005,651         | 19.5              |
|                     | GoN grants              | 2,464,596         | 82.5              | 2,403,805         | 64.4              | 2,654,433        | 74.8              | 7,522,834         | 73.3              |
|                     | LB contribution         | -                 | -                 | -                 | -                 | -                | -                 | -                 | -                 |
|                     | District Education Fund | -                 | -                 | -                 | -                 | -                | -                 | -                 | -                 |
|                     | Other                   | 125,123           | 4.2               | 448,384           | 12.0              | 167,570          | 4.7               | 741,077           | 7.2               |
|                     | <b>TOTAL</b>            | <b>2,987,424</b>  | <b>100.0</b>      | <b>3,732,743</b>  | <b>100.0</b>      | <b>3,549,394</b> | <b>100.0</b>      | <b>10,269,562</b> | <b>100.0</b>      |
| Umaprempur VDC      | Brought forward         | 1,337,281         | 10.2              | 833,912           | 5.8               | 212,916          | 3.7               | 2,384,109         | 7.2               |
|                     | GoN grants              | 11,256,357        | 85.9              | 12,716,976        | 88.9              | 5,303,457        | 93.3              | 29,276,790        | 88.5              |
|                     | LB contribution         | 100,000           | 0.8               | -                 | -                 | -                | -                 | 100,000           | 0.3               |
|                     | District Education Fund | -                 | -                 | -                 | -                 | 100,000          | 1.8               | 100,000           | 0.3               |
|                     | Other                   | 408,709           | 3.1               | 749,031           | 5.2               | 69,024           | 1.2               | 1,226,765         | 3.7               |
|                     | <b>TOTAL</b>            | <b>13,102,347</b> | <b>100.0</b>      | <b>14,299,919</b> | <b>100.0</b>      | <b>5,685,397</b> | <b>100.0</b>      | <b>33,087,664</b> | <b>100.0</b>      |
| Sapahi VDC          | Brought forward         | 1,263,318         | 12.5              | 1,109,637         | 11.8              | 1,268,512        | 13.7              | 3,641,467         | 12.6              |
|                     | GoN grants              | 8,096,827         | 80.0              | 7,517,272         | 80.2              | 7,873,389        | 84.7              | 23,487,489        | 81.6              |
|                     | LB contribution         | 50,000            | 0.5               | -                 | -                 | -                | -                 | 50,000            | 0.2               |
|                     | District Education Fund | 100,000           | 1.0               | 100,000           | 1.1               | -                | -                 | 200,000           | 0.7               |

| Jurisdiction          | Income sources          | 2009/10           | % of total   | 2010/11           | % of total   | 2011/12           | % of total   | Totals             | % of total   |
|-----------------------|-------------------------|-------------------|--------------|-------------------|--------------|-------------------|--------------|--------------------|--------------|
|                       | Other                   | 607,358           | 6.0          | 650,945           | 6.9          | 150,523           | 1.6          | 1,408,826          | 4.9          |
|                       | <b>TOTAL</b>            | <b>10,117,504</b> | <b>100.0</b> | <b>9,377,854</b>  | <b>100.0</b> | <b>9,292,424</b>  | <b>100.0</b> | <b>28,787,782</b>  | <b>100.0</b> |
| Janakpur Municipality | Brought forward         | 4,185,999         | 12.8         | 6,545,658         | 17.5         | 4,722,857         | 12.6         | 15,454,514         | 14.4         |
|                       | GoN grants              | 25,484,951        | 78.0         | 27,083,683        | 72.5         | 31,314,188        | 83.7         | 83,882,822         | 78.1         |
|                       | LB contribution         | -                 | -            | -                 | -            | -                 | -            | -                  | -            |
|                       | District Education Fund | -                 | -            | -                 | -            | -                 | -            | -                  | -            |
|                       | Other                   | 3,012,107         | 9.2          | 3,738,709         | 10.0         | 1,371,432         | 3.7          | 8,122,248          | 7.6          |
|                       | <b>TOTAL</b>            | <b>32,683,057</b> | <b>100.0</b> | <b>37,368,049</b> | <b>100.0</b> | <b>37,408,478</b> | <b>100.0</b> | <b>107,459,584</b> | <b>100.0</b> |
| All schools           | Brought forward         | 8,467,939         | 12.3         | 10,886,273        | 14.6         | 8,193,764         | 12.3         | 27,547,976         | 13.1         |
|                       | GoN grants              | 55,093,621        | 80.2         | 57,361,289        | 77.1         | 56,155,977        | 84.5         | 168,610,887        | 80.5         |
|                       | LB contribution         | 182,500           | 0.3          | 200,000           | 0.3          | -                 | -            | 382,500            | 0.2          |
|                       | District Education Fund | 100,000           | 0.1          | 100,000           | 0.1          | 100,000           | 0.2          | 300,000            | 0.1          |
|                       | Other                   | 4,888,695         | 7.1          | 5,865,700         | 7.9          | 1,972,669         | 3.0          | 12,727,064         | 6.1          |
|                       | <b>TOTAL</b>            | <b>68,732,754</b> | <b>100.0</b> | <b>74,413,262</b> | <b>100.0</b> | <b>66,422,410</b> | <b>100.0</b> | <b>209,568,426</b> | <b>100.0</b> |

#### VDC contributions only

| Income sources          | 2009/10           | % of total    | 2010/11           | % of total    | 2011/12           | % of total    | Totals             | % of total    |
|-------------------------|-------------------|---------------|-------------------|---------------|-------------------|---------------|--------------------|---------------|
| Brought forward         | 4,281,939         | 11.88         | 4,340,616         | 11.72         | 3,470,906         | 11.96         | 12,093,461         | 11.84         |
| GoN grants              | 29,608,670        | 82.13         | 30,277,606        | 81.73         | 24,841,789        | 85.62         | 84,728,065         | 82.98         |
| VDC contribution        | 182,500           | 0.51          | 200,000           | 0.54          | -                 | -             | 382,500            | 0.37          |
| District Education Fund | 100,000           | 0.28          | 100,000           | 0.27          | 100,000           | 0.34          | 300,000            | 0.29          |
| Other                   | 1,876,588         | 5.21          | 2,126,991         | 5.74          | 601,237           | 2.07          | 4,604,816          | 4.51          |
| <b>TOTAL</b>            | <b>36,049,697</b> | <b>100.00</b> | <b>37,045,213</b> | <b>100.00</b> | <b>29,013,932</b> | <b>100.00</b> | <b>102,108,842</b> | <b>100.00</b> |



### District Education Office Expenditure - Dhankuta FY 2009-10

| Budget code | Line item  | Budget allocation | Released budget | Expenditure |
|-------------|--|-------------------|-----------------|-------------|
| 65-3-121    | DEO recurrent expenditures - salary of all DEO staff (including of school supervisors) and office maintenance/admin-istrative costs  | 5,699,878         | 5,644,738       | 5,644,738   |
| 90-3-910    | Allowances to teachers for accumulated leaves  | -                 | -               | -           |
| 90-3-930    | Medical treatment related costs for teachers   | -                 | -               | -           |
| 90-3-932    | Dress allowance  | -                 | -               | -           |
| 65-3-130    | Office of the Controller of Examinations recurrent costs - conduction of SLC examinations in the district  | 785,535           | 785,535         | 785,535     |
| 65-3-140    | Primary teachers salary (including permanent and temporary teachers in approved positions and Rahat teachers)  | 167,898,734       | 167,664,989     | 167,664,989 |
| 65-3-150    | Lower secondary and secondary teachers salary (including permanent and temporary teachers in approved positions and Rahat teachers, and also the salaries of resource persons)                   | 90,938,018        | 90,938,018      | 90,938,018  |
| 65-3-169    | Teachers Records Office - Teachers post retirement benefits  | 4,736,359         | 4,726,359       | 4,726,359   |
| 65-3-170    | Special education - all recurrent costs (except salaries) of operation of special schools for inclusive education  | -                 | -               | -           |
| 65-3-411    | Second Higher Education Project - all recurrent development activities other than salaries   | 2,325,926         | 2,325,926       | 2,325,926   |
| 65-3-440    | Higher secondary education recurrent costs for teacher salary grants   | 5,558,514         | 5,558,514       | 5,558,514   |
| 65-3-600    | Non-formal education recurrent costs - for development activities; does not cover salaries   | 6,851,200         | 5,411,745       | 5,411,745   |
| 65-3-804    | Education for All program  | 14,657,780        | 1,439,696       | 14,396,960  |
| 65-3-815    | SSRP district recurrent - major chunk of the budget that covers all grants to schools (i.e., construction, textbooks, scholarships, school management, RC management, PCF salary and non-salary, | 53,594,108        | 52,282,068      | 52,282,068  |
| 65-4-815    | SSRP district capital - covers capital costs such as construction and furnishing of DEO buildings  | 31,095,000        | 31,095,000      | 31,095,000  |
| 65-3-830    | Secondary education support program (financed by ADB and Danida) and implemented in selected districts between 2001-2010.  | 5,829,200         | 5,790,200       | 5,790,200   |
| 65-4-428    | Teachers Records Office - Teachers post retirement benefits  | -                 | -               | -           |
| 65-3-416    | Early childhood education and development program - development costs; from UNICEF fund  | -                 | -               | -           |
| 65-3-428    | SSRP centre budget that is reallocated to districts - covers development activities such as training and workshops at the district level; does not cover any salaries                            | -                 | -               | -           |

| Budget code | Line item                          | Budget allocation  | Released budget    | Expenditure        |
|-------------|------------------------------------|--------------------|--------------------|--------------------|
| 65-3-426    | Community school capacity building | 1,138,470          | 1,056,619          | 1,056,619          |
|             | <b>Total</b>                       | <b>391,108,722</b> | <b>374,719,407</b> | <b>387,676,671</b> |

#### DEO Expenditure - Dhankuta FY 2010/11

| Budget code | Line item  | Budget allocation | Released budget | Expenditure |
|-------------|--|-------------------|-----------------|-------------|
| 65-3-121    | DEO recurrent expenditures - salary of all DEO staff (including of school supervisors) and office maintenance/administrative costs   | 6,051,000         | 5,906,565       | 5,906,565   |
| 90-3-910    | Allowances to teachers for accumulated leaves  | -                 | -               | -           |
| 90-3-930    | Medical treatment related costs for teachers   | -                 | -               | -           |
| 90-3-932    | Dress allowance  | 169,000           | 169,000         | 169,000     |
| 65-3-130    | Office of the Controller of Examinations recurrent costs - conduction of SLC examinations in the district  | 888,000           | 888,000         | 888,000     |
| 65-3-140    | Primary teachers salary (including permanent and temporary teachers in approved positions and Rahat teachers)  | 174,603,975       | 172,995,640     | 172,995,640 |
| 65-3-150    | Lower secondary and secondary teachers salary (including permanent and temporary teachers in approved positions and Rahat teachers, and also the salaries of resource persons)                   | 98,271,680        | 96,322,287      | 96,322,287  |
| 65-3-169    | Teachers Records Office - Teachers post retirement benefits  | 11,326,922        | 11,326,922      | 11,326,922  |
| 65-3-170    | Special education - all recurrent costs (except salaries) of operation of special schools for inclusive education  | -                 | -               | -           |
| 65-3-411    | Second Higher Education Project - all recurrent development activities other than salaries   | 3,448,000         | 3,448,000       | 3,448,000   |
| 65-3-440    | Higher secondary education recurrent costs for teacher salary grants   | 11,987,580        | 11,987,580      | 11,987,580  |
| 65-3-600    | Non-formal education recurrent costs - for development activities; does not cover salaries   | 5,868,764         | 5,190,695       | 5,190,695   |
| 65-3-804    | Education for All program  |                   |                 |             |
| 65-3-815    | SSRP district recurrent - major chunk of the budget that covers all grants to schools (i.e., construction, textbooks, scholarships, school management, RC management, PCF salary and non-salary, | 97,291,980        | 90,621,561      | 90,621,561  |
| 65-4-815    | SSRP district capital - covers capital costs such as construction and furnishing of DEO buildings  | 57,370,000        | 57,370,000      | 57,370,000  |
| 65-3-830    | Secondary education support program (financed by ADB and Danida) and implemented in selected districts between 2001-2010.  | -                 | -               | -           |

| Budget code | Line item   | Budget allocation  | Released budget    | Expenditure        |
|-------------|---|--------------------|--------------------|--------------------|
| 65-4-428    | Teachers Records Office - Teachers post retirement benefits   | 500,000            | 500,000            | 500,000            |
| 65-3-416    | Early childhood education and development program - development costs; from UNICEF fund   | 1,668,233          | 1,393,237          | 1,393,237          |
| 65-3-428    | SSRP centre budget that is reallocated to districts - covers development activities such as training and workshops at the district level; does not cover any salaries | 5,354,869          | 4,914,875          | 4,914,875          |
| 65-3-426    | Community school capacity building  | -                  | -                  | -                  |
|             | <b>Total</b>  | <b>474,800,003</b> | <b>463,034,361</b> | <b>463,034,361</b> |

### DEO Expenditure - Dhankuta FY 2011-12

| Budget code | Line item  | Budget allocation | Released budget | Expenditure |
|-------------|--|-------------------|-----------------|-------------|
| 3500143     | DEO recurrent expenditures - salary of all DEO staff (including of school supervisors) and office maintenance/administrative costs   | 7,402,160         | 7,087,144       | 7,087,144   |
|             | Allowances to teachers for accumulated leaves  | -                 | -               | -           |
|             | Medical treatment related costs for teachers   | -                 | -               | -           |
|             | Dress allowance  | -                 | -               | -           |
| 3500153     | Office of the Controller of Examinations recurrent costs - conduction of SLC examinations in the district  | 2,665,564         | 2,665,564       | 2,665,564   |
| 3500163     | Primary teachers salary (including permanent and temporary teachers in approved positions and Rahat teachers)  | 212,877,490       | 210,128,999     | 210,128,999 |
| 3500173     | Lower secondary and secondary teachers salary (including permanent and temporary teachers in approved positions and Rahat teachers, and also the salaries of resource persons) | 112,219,089       | 112,208,256     | 112,208,256 |
|             | Teachers Records Office - Teachers post retirement benefits  | -                 | -               | -           |
| 3500223     | Teachers Record office recurrent costs - leave and other benefits of teachers in approved positions; gratuity for teachers   | 12,396,034        | 12,396,034      | 12,396,034  |
| 3501083     | Higher secondary education recurrent costs for teacher salary grants   | 14,021,280        | 14,021,280      | 14,021,280  |
|             | Higher secondary education recurrent costs for teacher salary grants   | -                 | -               | -           |
| 3501123     | Non-formal education recurrent costs - for development activities; does not cover salaries   | 4,644,920         | 4,577,740       | 4,577,740   |
|             | Education for All program  |                   |                 |             |
| 3508033     | SSRP district recurrent - major chunk of the budget that covers all grants to schools (i.e., construction, textbooks, scholarships,  | 161,360,411       | 150,206,180     | 150,206,180 |

| Budget code | Line item   | Budget allocation  | Released budget    | Expenditure        |
|-------------|---|--------------------|--------------------|--------------------|
|             | school management, RC management, PCF salary and non-salary,  |                    |                    |                    |
| 3508034     | SSRP district capital - covers capital costs such as construction and furnishing of DEO buildings   | 160,000            | 160,000            | 160,000            |
|             | Secondary education support program (financed by ADB and Danida) and implemented in selected districts between 2001-2010.   | -                  | -                  | -                  |
|             | Teachers Records Office - Teachers post retirement benefits   | -                  | -                  | -                  |
| 3501183     | Early childhood education and development - development costs; from UNICEF fund   | 673,166            | 642,690            | 642,690            |
| 3501213     | SSRP centre budget that is reallocated to districts - covers development activities such as training and workshops at the district level; does not cover any salaries | 40,000             | 40,000             | 40,000             |
|             | Community school capacity building  | -                  | -                  | -                  |
|             | <b>Total</b>  | <b>528,460,114</b> | <b>514,133,885</b> | <b>514,133,885</b> |

## ANNEX 8: BASIC EDUCATION SECTOR DATA

### DHANKUTA AND DHANUSA DISTRICT – EXPENDITURE AND TEACHERS RATIOS

| Expenditure per student |                             |                |                               |                             |                |                               |
|-------------------------|-----------------------------|----------------|-------------------------------|-----------------------------|----------------|-------------------------------|
| Year                    | Dhankuta                    |                |                               | Dhanusa                     |                |                               |
|                         | Total DEO expenditure (NRs) | No of students | Per student expenditure (NRs) | Total DEO expenditure (NRs) | No of students | Per student expenditure (NRs) |
| 2009-10                 | 387,676,670.81              | 52,957.00      | 7,320.59                      | 673,074,697.02              | 146,182.00     | 4,604.36                      |
| 2010-11                 | 463,034,361.41              | 51,954.00      | 8,912.39                      | 749,554,896.99              | 153,871.00     | 4,871.32                      |
| 2011-12                 | 514,133,885.10              | 47,777.00      | 10,761.12                     | 464,911,494.12              | 153,821.00     | 3,022.42                      |

Note: No. of students = students enrolled in public primary, lower secondary, secondary and higher secondary schools

### ENROLMENT RATES – DHANKUTA AND DHANUSA DISTRICTS (OVERVIEW)

| PUBLIC SCHOOLS    |                                |          |         |
|-------------------|--------------------------------|----------|---------|
| ENROLMENT SUMMARY |                                |          |         |
| Year              | Education sub-sector           | Dhankuta | Dhanusa |
| 2009/10           | Primary                        | 29,537   | 109,931 |
|                   | Lower secondary                | 13,898   | 23,692  |
|                   | Secondary and higher secondary | 9,522    | 12,559  |
|                   | Total students                 | 52,957   | 146,182 |
| 2010/11           | Primary                        | 27,892   | 114,954 |
|                   | Lower secondary                | 13,694   | 26,077  |
|                   | Secondary and higher secondary | 10,368   | 12,840  |
|                   | Total students                 | 51,954   | 153,871 |
| 2011/12           | Primary                        | 23,721   | 107,867 |
|                   | Lower secondary                | 13,673   | 30,133  |
|                   | Secondary and higher secondary | 10,383   | 15,821  |
|                   | Total students                 | 47,777   | 153,821 |
| 2012/13           | Primary                        | 20,769   | 116,893 |
|                   | Lower secondary                | 12,798   | 35,758  |
|                   | Secondary and higher secondary | 9,980    | 17,949  |
|                   | Total students                 | 43,547   | 170,600 |

| ENROLMENT IN PUBLIC AND PRIVATE SCHOOLS |         |           |           |           |           |           |           |
|---|---------|-----------|-----------|-----------|-----------|-----------|-----------|
| SUMMARY                                 |         |           |           |           |           |           |           |
| Primary School Enrolment                |         |           |           |           |           |           |           |
|   |         | 2008-09   | 2009-10   | 2010-11   | 2011-12   | 2012-13   | 2013-14   |
| National                                | Public  | 4,288,517 | 4,256,010 | 4,363,443 | 4,111,679 | 3,885,449 | 3,724,043 |
|   | Private | 493,796   | 644,653   | 588,513   | 671,206   | 691,244   | 677,737   |
|   | Total   | 4,782,313 | 4,900,663 | 4,951,956 | 4,782,885 | 4,576,693 | 4,401,780 |
| Dhankuta                                | Public  | 30,321    | 29,537    | 27,892    | 23,721    | 20,769    |           |
|   | Private | 1,747     | 2,032     | 2,528     | 2,785     | 3,525     |           |
|   | Total   | 32,068    | 31,569    | 30,420    | 26,506    | 24,294    |           |
| Dhanusha                                | Public  | 112,454   | 109,931   | 114,954   | 107,867   | 116,893   |           |
|   | Private | 352       | 8,592     | 328       | 10,288    | 6,963     |           |
|   | Total   | 112,806   | 118,523   | 115,282   | 118,155   | 123,856   |           |
| Lower Secondary School Enrolment        |         |           |           |           |           |           |           |
|   |         | 2008-09   | 2009-10   | 2010-11   | 2011-12   | 2012-13   | 2013-14   |
| National                                | Public  | 1,263,313 | 1,366,348 | 1,469,133 | 1,546,647 | 1,537,167 | 1,544,658 |
|   | Private | 203,549   | 238,074   | 230,794   | 266,033   | 286,025   | 283,693   |
|   | Total   | 1,466,862 | 1,604,422 | 1,699,927 | 1,812,680 | 1,823,192 | 1,828,351 |
| Dhankuta                                | Public  | 13,020    | 13,898    | 13,694    | 13,673    | 12,798    |           |
|   | Private | 591       | 576       | 632       | 817       | 996       |           |
|   | Total   | 13,611    | 14,474    | 14,326    | 14,490    | 13,794    |           |
| Dhanusha                                | Public  | 21,668    | 23,692    | 26,077    | 30,133    | 35,758    |           |
|   | Private | 100       | 532       | 0         | 0         | 0         |           |
|   | Total   | 21,768    | 24,224    | 26,077    | 30,133    | 35,758    |           |
| Secondary School Enrolment              |         |           |           |           |           |           |           |
|   |         | 2008-09   | 2009-10   | 2010-11   | 2011-12   | 2012-13   | 2013-14   |
| National                                | Public  | 602,792   | 656,424   | 679,854   | 708,154   | 722,145   | 727,014   |
|   | Private | 112,585   | 133,924   | 132,056   | 140,415   | 155,902   | 169,905   |
|   | Total   | 715,377   | 790,348   | 811,910   | 848,569   | 878,047   | 896,919   |
| Dhankuta                                | Public  | 6,164     | 6,409     | 6,856     | 6,596     | 6,348     |           |
|   | Private | 287       | 302       | 370       | 345       | 425       |           |
|   | Total   | 6,451     | 6,711     | 7,226     | 6,941     | 6,773     |           |
| Dhanusha                                | Public  | 10,473    | 11,889    | 10,507    | 12,411    | 14,769    |           |
|   | Private | 0         | 200       | 490       | 0         | 572       |           |
|   | Total   | 10,473    | 12,089    | 10,997    | 12,411    | 15,341    |           |

## ENROLMENT RATES – DHANKUTA AND DHANUSA VDCs & MUNICIPALITIES

| Dhankuta VDCs & municipality |         |       |
|------------------------------|---------|-------|
| Public & private schools     |         |       |
| Year                         | Primary | LS    |
| 2009-10                      | 6,881   | 3,849 |
| 2010-11                      | 6,744   | 3,735 |
| 2011-12                      | 6,136   | 3,677 |
| 2012-13                      | 6,372   | 3,795 |
| 2013-14                      | 6,134   | 3,568 |

| Dhankuta VDCs only       |         |       |
|--------------------------|---------|-------|
| Public & private schools |         |       |
| Year                     | Primary | LS    |
| 2009-10                  | 3,474   | 1,721 |
| 2010-11                  | 3,297   | 1,638 |
| 2011-12                  | 2,976   | 1,640 |
| 2012-13                  | 2,721   | 1,540 |
| 2013-14                  | 2,503   | 1,471 |

Figure 24: Dhankuta enrolment in VDCs and municipality (all schools)

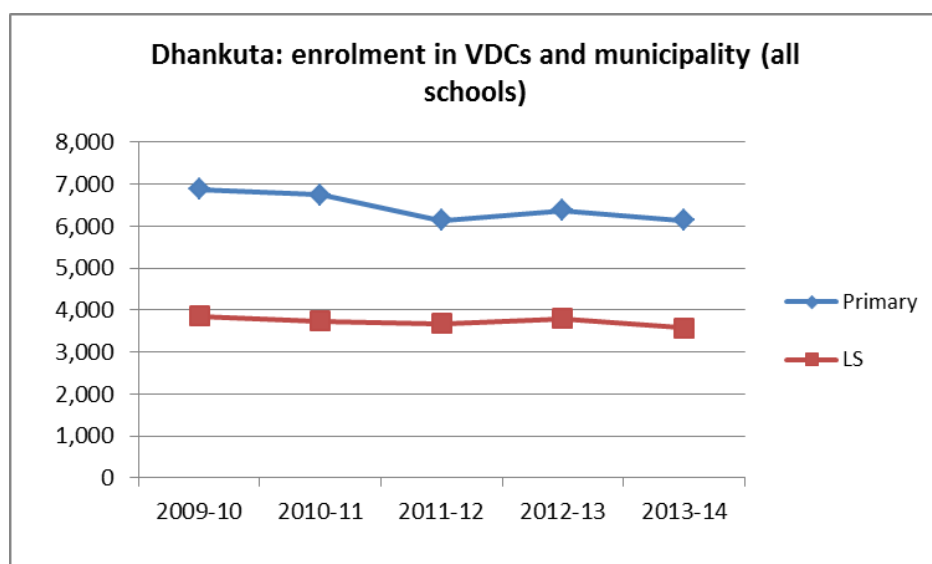
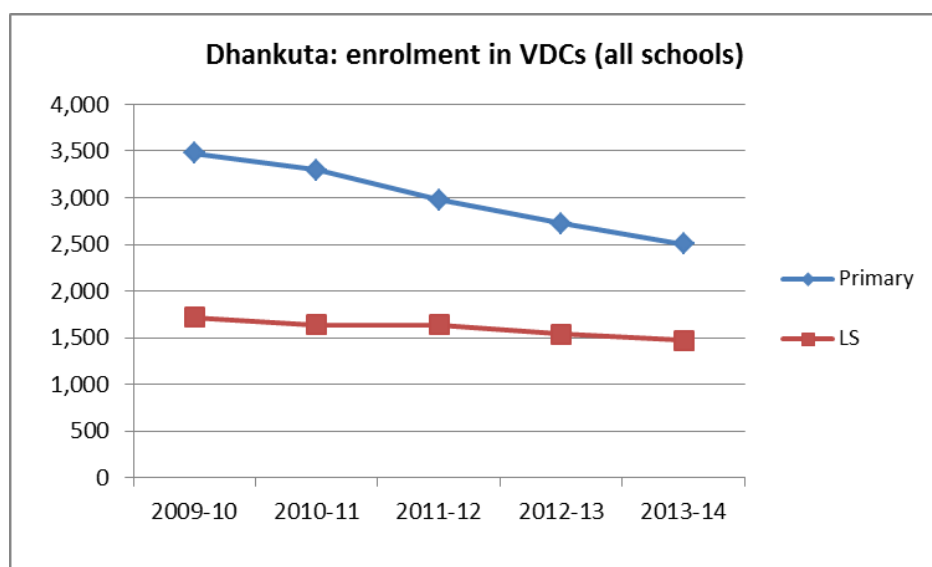


Figure 25: Dhankuta enrolment in VDCs (all schools)



| Dhanusa VDCs & municipality |         |       |
|-----------------------------|---------|-------|
| Public & private schools    |         |       |
| Year                        | Primary | LS    |
| 2009-10                     | 12,524  | 3,387 |
| 2010-11                     | 12,603  | 3,048 |
| 2011-12                     | 13,777  | 5,106 |
| 2012-13                     | 12,187  | 3,873 |
| 2013-14                     | 10,419  | 3,760 |

| Dhanusa VDCs only        |         |       |
|--------------------------|---------|-------|
| Public & private schools |         |       |
| Year                     | Primary | LS    |
| 2009-10                  | 6,007   | 1,147 |
| 2010-11                  | 6,837   | 1,297 |
| 2011-12                  | 6,571   | 2,053 |
| 2012-13                  | 6,189   | 1,632 |
| 2013-14                  | 4,006   | 1,091 |

Figure 26: Dhanusa enrolment in VDCs and municipality (all schools)

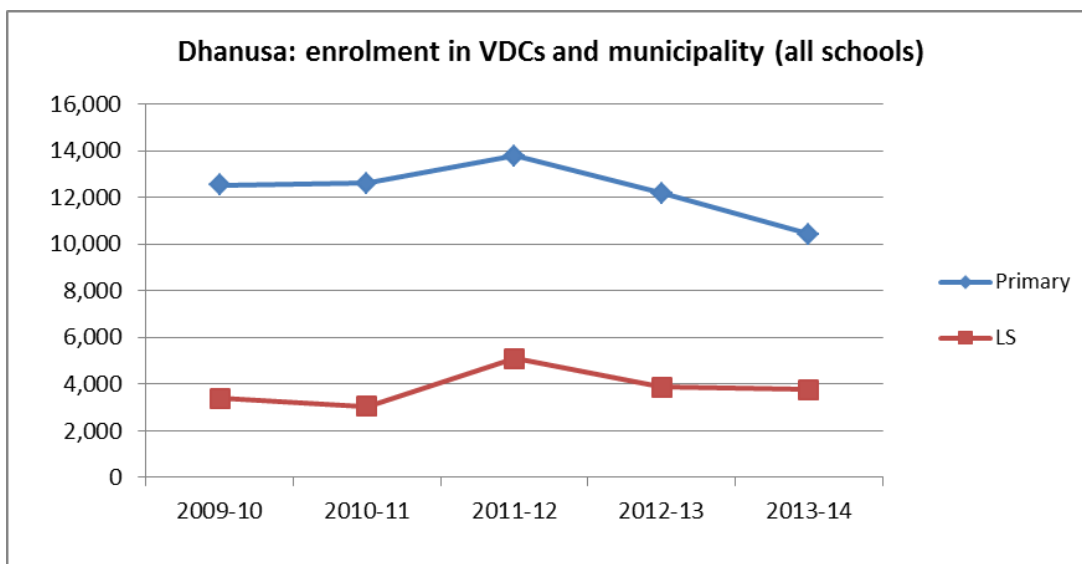
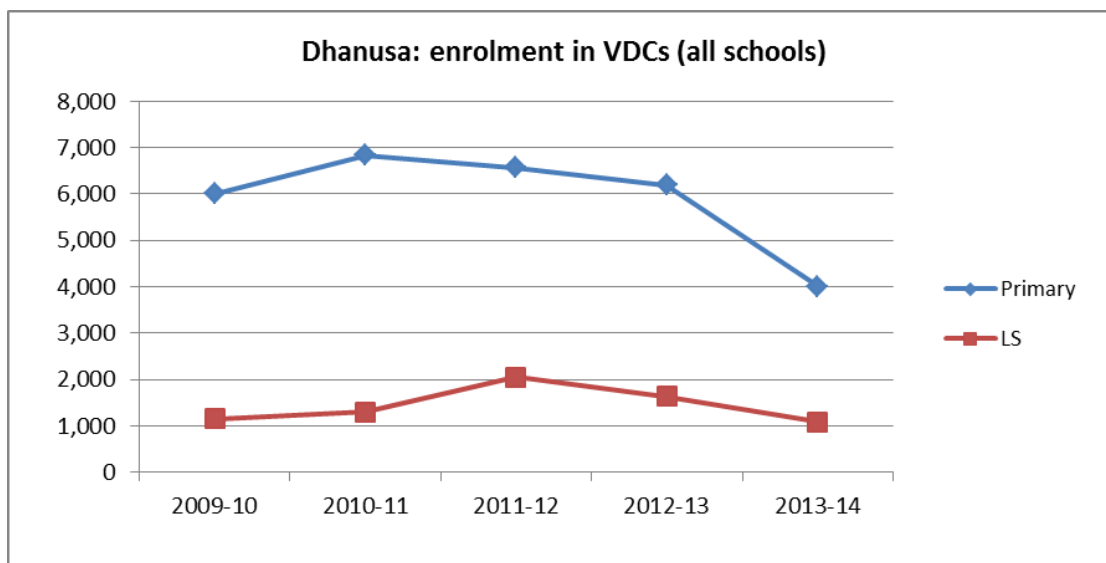


Figure 27: Dhanusa enrolment in VDCs (all schools)





# EDUCATION: REPETITION AND DROP-OUT RATES – DHANUSA AND DHANKUTA

| DHANKUTA                                   |      |      |      |      |      |
|--|------|------|------|------|------|
| REPETITION RATES: public & private schools |      |      |      |      |      |
| Primary                                    | 2009 | 2010 | 2011 | 2012 | 2013 |
| Grade 1-5 Girls                            | 13.6 | 11.4 | 9.8  | 9.4  | 9.9  |
| Grade 1-5 Boys                             | 14.8 | 12.4 | 11.1 | 11.2 | 11.3 |
| Grade 1-5 All                              | 14.2 | 11.9 | 10.5 | 10.3 | 10.6 |
| Lower Secondary                            | 2009 | 2010 | 2011 | 2012 | 2013 |
| Grade 6-8 Girls                            | 7.9  | 8.5  | 6.7  | 6.4  | 5.6  |
| Grade 6-8 Boys                             | 8.3  | 9.9  | 7.8  | 7.7  | 7.9  |
| Grade 6-8 All                              | 8.1  | 9.2  | 7.2  | 7.0  | 6.7  |

| DHANUSA                                    |      |      |      |      |      |
|--|------|------|------|------|------|
| REPETITION RATES: public & private schools |      |      |      |      |      |
| Primary                                    | 2009 | 2010 | 2011 | 2012 | 2013 |
| Grade 1-5 Girls                            | 8.0  | 9.3  | 9.8  | 9.9  | 7.6  |
| Grade 1-5 Boys                             | 9.5  | 9.8  | 10.5 | 9.9  | 7.7  |
| Grade 1-5 All                              | 8.8  | 9.6  | 10.2 | 9.9  | 7.6  |
| Lower Secondary                            | 2009 | 2010 | 2011 | 2012 | 2013 |
| Grade 6-8 Girls                            | 5.9  | 1.7  | 2.5  | 3.5  | 3.0  |
| Grade 6-8 Boys                             | 6.1  | 1.8  | 2.4  | 3.4  | 3.0  |
| Grade 6-8 All                              | 6.0  | 1.7  | 2.4  | 3.4  | 3.0  |

| DHANKUTA                                 |      |      |      |      |      |
|--|------|------|------|------|------|
| DROP-OUT RATES: public & private schools |      |      |      |      |      |
| Primary                                  | 2009 | 2010 | 2011 | 2012 | 2013 |
| Grade 1-5 Girls                          | 3.8  | 6.0  | 5.4  | 5.5  | 9.0  |
| Grade 1-5 Boys                           | 3.4  | 6.6  | 6.5  | 4.3  | 11.3 |
| Grade 1-5 All                            | 3.6  | 6.3  | 5.9  | 4.9  | 10.1 |
| Lower Secondary                          | 2009 | 2010 | 2011 | 2012 | 2013 |
| Grade 6-8 Girls                          | 5.5  | 4.8  | 5.6  | 5.5  | 5.6  |
| Grade 6-8 Boys                           | 6.5  | 9.5  | 9.0  | 5.4  | 7.7  |
| Grade 6-8 All                            | 6.0  | 7.1  | 7.2  | 5.5  | 6.6  |

| DHANUSA                                  |      |      |      |      |      |
|--|------|------|------|------|------|
| DROP-OUT RATES: public & private schools |      |      |      |      |      |
| Primary                                  | 2009 | 2010 | 2011 | 2012 | 2013 |
| Grade 1-5 Girls                          | 14.6 | 4.0  | 3.6  | 4.1  | 5.7  |
| Grade 1-5 Boys                           | 18.1 | 6.4  | 6.0  | 5.2  | 7.0  |
| Grade 1-5 All                            | 16.4 | 5.2  | 4.8  | 4.6  | 6.3  |
| Lower Secondary                          | 2009 | 2010 | 2011 | 2012 | 2013 |
| Grade 6-8 Girls                          | 12.6 | 9.7  | 10.1 | 6.6  | 3.9  |
| Grade 6-8 Boys                           | 8.9  | 8.7  | 7.2  | 5.8  | 8.0  |
| Grade 6-8 All                            | 10.4 | 9.2  | 8.5  | 6.2  | 6.0  |

## ANNEX 9: LOCAL ROADS

### Normative Institutional Framework

#### 1.1. General regulatory and policy framework for the local roads sector

Local body functional responsibilities in the local roads sector are specified in the following legal and regulatory texts:

- The Local Self-Governance Act (LSGA, 1999) – articles 28 (for VDCs), 96 (for Municipalities) and 128 (for DDCs) specify LB functional assignments, which include local roads and transport infrastructure. Article 243 specifies that the concerned line ministries are expected to assist LBs in the planning and implementation of their development programs.
- LSGR (2000) and LBFAR (2007) provide more detailed operational and financial management rules, applicable to all LB activities (including those related to the local roads sector).
- The Local Infrastructure Development Policy (LIDP, 2004), which assigns LB responsibilities in seven local infrastructure sub-sectors:
  - Local transport: district and rural/agriculture roads, municipal roads, helipads, suspension bridges, bridges and culverts along district and rural/agricultural roads, foot and mule tracks, ropeways, cable cars, etc.;
  - Irrigation and river control;
  - Micro-hydro and alternative energy;
  - Water supply & sanitation;
  - Housing and urban development;
  - Solid waste management;
  - Social infrastructure (community buildings, health, education, etc.).

The LIDP further classifies local infrastructure as:

- Village level infrastructure: infrastructure programs that are included in village periodic and annual plans, as approved by village councils;
- Municipal level infrastructure: infrastructure programs which that are included in municipal periodic and annual plans, as approved by municipal councils;
- District level infrastructure: infrastructure programs which are not included in VDC or municipal programs and thus fall under the district periodic and annual plans, approved by district councils.

The LIDP also assigns local infrastructure sector sub-functions (e.g. policy and planning, setting technical norms and standards, design and costing, procurement, etc.) to central and local governments.

- The National Transport Policy (2002) classifies the local transport system as consisting of district roads, village roads, agriculture roads, municipal roads and major foot trails. These local roads and trails are devolved to LBs for implementation within their respective jurisdictions.

#### 1.2. Institutional stakeholders in the local roads sector

Table 7 below provides a list of the principal institutional stakeholders in the local roads sector at central government, district and village/municipal levels, as well as a summary of their main roles and responsibilities within the sector.

#### 1.3. Planning in the local roads sector

Planning in the local roads sector follows largely the general planning process which is described in annex 2, at least as far as LB resources from own source, shared revenue and unconditional block grants are concerned. The authority of LBs in the road sector is constrained, though, by a variety of different programmes and conditions attached to earmarked roads sector funding, some of them providing funding in a rather *ad hoc* fashion which does not leave much room for planning to take

place. Therefore, the ways in which local roads sector activities are planned and implemented by LBs appear to vary according to the source of funding in practice.

In some cases work on local roads is carried out separately by the Department of Roads. District Technical Offices (DTOs in DDCs are expected to provide all LBs with technical support. In practice, they tend to direct their limited capacity to district level roads and to GoN and donor-funded sector programs. The construction and maintenance of local roads are dominated by user committees (UCs) except for DoR roads, which are usually given to private contractors.

See table 1 on the next page for a list of the principal institutional stakeholders in the local roads sector and a summary of their main roles and responsibilities within the sector, including those for planning.

**Table 1: Local roads sector – principal stakeholders, roles and responsibilities**

| CENTRAL GOVERNMENT LEVEL                   |   | DISTRICT LEVEL                              |   | VILLAGE/MUNICIPAL LEVEL  |  |
|--|---|---|---|--|--|
| Institutional stakeholder                  | Main roles and responsibilities   | Institutional stakeholder                   | Main roles and responsibilities   | Institutional stakeholder                                      | Main roles and responsibilities  |
| <b>National Planning Commission (NPC):</b> | <ul style="list-style-type: none"> <li>- Provide budget ceilings and guidelines for local planning by November 15 (LSGA: Art. 203)</li> <li>- Provide directives for formulation of local periodic and annual plans (LSGA Art. 297 and LIDP)</li> <li>- Approve local conditional &amp; unconditional grants and program budgets</li> <li>- Provide guidelines for M&amp;E and harmonization for bringing uniformity in the local plan structures (LIDP)</li> </ul>                             | <b>District Council (DC)</b>                | <ul style="list-style-type: none"> <li>- Approve district level DTMPs, district periodic plans, and annual plans and budgets, including sectoral programs</li> <li>- General functions of district council</li> </ul>   | <b>Village/-Municipal Council (VC/MC)</b>                      | <ul style="list-style-type: none"> <li>- Approve plans, programs and budgets submitted by VDC/Municipality</li> <li>- General functions of village and municipal councils</li> </ul>   |
| <b>Ministry of Finance (MoF)</b>           | <ul style="list-style-type: none"> <li>- Allocation and mobilization of local and foreign resources</li> <li>- Approval of local infrastructure plans, programs, projects and budgets</li> <li>- Issue authorization letters for budget release to respective ministries</li> <li>- Authorize unconditional grants directly to LBs as recommended by MoFALD</li> <li>- Review national priority programs on bi-monthly basis</li> <li>- Fund release and tracking through FCGO/DTCOs</li> </ul> | <b>District Development Committee (DDC)</b> | <ul style="list-style-type: none"> <li>- Implement plans, programs as approved by DC, and follow instructions of DC</li> <li>- Prepare DTMP and submit for approval to DCs</li> <li>- Planning, implementation, monitoring, evaluation and maintenance of district roads (LSGA: Art. 189)</li> <li>- Develop district periodic plan (LSGA Art.195)</li> <li>- Establish district plan formulation committees and integrated plan formulation committee (LSGA Art. 197),</li> <li>- Prepare resource maps, conduct feasibility studies, prioritize and select projects (LSGA Arts. 199-202)</li> <li>- Coordinate among different GoN agencies and I/NGOs at district</li> </ul> | <b>Village/-Municipal Development Committees (VDC and MDC)</b> | <ul style="list-style-type: none"> <li>- Prepare roads related projects</li> <li>- Implement, monitor and maintain programs within VDC/municipality (LSGA Arts. 28 and 96F)</li> <li>- Prepare periodic plans, resource maps, feasibility studies</li> <li>- Prioritize and select projects</li> <li>- Coordinate among different GoN agencies and I/NGOs</li> <li>- Implement, manage ,supervise, monitor and review projects under their jurisdictions (LSGA Arts. 43-54 and 111-124)</li> <li>- Conduct internal and final audits of VDCs/municipalities</li> <li>- Conduct public/social audits</li> </ul> |

| CENTRAL GOVERNMENT LEVEL  |   | DISTRICT LEVEL                         |  | VILLAGE/MUNICIPAL LEVEL                                |   |
|---|---|--|--|--|---|
| Institutional stakeholder   | Main roles and responsibilities   | Institutional stakeholder              | Main roles and responsibilities  | Institutional stakeholder                              | Main roles and responsibilities   |
|   |   |  | level (LSGA Art. 204)<br>- Form users groups and identify NGOs for implementation of projects (LSGA Arts. 208-209)<br>- Supervise, monitor, review and evaluate projects (LSGA Arts .210-211)<br>- Establish sector specific sections to carry out development functions (LSGA Art. 257)<br>- Coordinate VDCs, municipalities and line agencies, share and allocate resources among LBs and line agencies as conditional, unconditional and revenue sharing grants to VDCs<br>- Select final auditors for VDCs and conduct internal auditing of VDC accounts<br>- Conduct public/social audits |  |   |
| <b>Ministry of Federal Affairs and Local Development (MoFALD)</b> | - Focal ministry for LBs and local infrastructure<br>- Support to policy formulation, implementation, monitoring and standard setting, and information management,<br>- Support technology development and research<br>- Coordinate with different ministries, agencies, development partners and institutions I/NGOs, private sector and LBs (LIDP: 6.2.6)<br>- Provide directives and guidelines to LBs<br>- Depute or facilitate deputation of | <b>Local Development Officer (LDO)</b> | - Secretary of DC and DDC<br>- Coordinate development activities at district level<br>- Due to the absence of local elections since 2002, the DDCs themselves are currently headed by the LDO<br>- Report to MoFALD<br>- Responsible for financial and administrative management, and operates DDF, the 'local' treasury to which all LRN funds are allocated and from which funds are released to the operational accounts of different sector wise offices, line agencies and the DDC secretariat  | <b>VDC secretary/ Municipal Executive Officer (EO)</b> | - Each VDC and municipality has a central government representative, appointed to work as the secretary of his/her respective Council/ Committee<br>- responsible for implementation, monitoring and financial and physical management and reporting to concerned local agencies<br>- Operate VDC/municipal treasuries<br>- Administrative coordination of VDC/municipal level activities<br>- Responsible for internal and final audits<br>- Report to respective agencies and to DDCs |

| CENTRAL GOVERNMENT LEVEL                                   |   | DISTRICT LEVEL                                      |   | VILLAGE/MUNICIPAL LEVEL                             |  |
|--|---|---|---|---|--|
| Institutional stakeholder                                  | Main roles and responsibilities   | Institutional stakeholder                           | Main roles and responsibilities   | Institutional stakeholder                           | Main roles and responsibilities  |
|  | officials if requested by LBs who will be accountable to concerned LBs (LSGA: Art. 256)   |   | <ul style="list-style-type: none"> <li>- Facilitate coordination of VDC level activities</li> <li>- Recommend budget releases to VDCs by DTCO</li> </ul>  |   |  |
| <b>Ministry of Physical Works and Transport Management</b> | <ul style="list-style-type: none"> <li>- Develop planning, management and maintenance of strategic roads network, feeder roads and bridges</li> <li>- Implement work on local roads/bridges/culverts included in national budget heading no. 249</li> </ul> | <b>Integrated plan Formulation Committee (IPFC)</b> | <ul style="list-style-type: none"> <li>- Recommend synergized plan and programs that are submitted by different subject specific plan formulation committees to DDC</li> </ul>  | <b>Integrated Plan Formulation Committee (IPFC)</b> | <ul style="list-style-type: none"> <li>- Recommend plans and programs that are submitted by different ward citizen forums (WCFs) to respective VDCs/municipalities (RMOMG sections 15-16)</li> </ul>                             |
| <b>Ministry Urban Development</b>                          | <ul style="list-style-type: none"> <li>- Provide support for Municipal infrastructure including physical planning of Municipalities and Town Development Committees</li> </ul>  | <b>Subject specific plan formulation committees</b> | <ul style="list-style-type: none"> <li>- Scrutinize construction-related programs and projects that are received from Ilaka level service centers, line departments and other agencies and forward to IPFC (LSGA Art. 197)</li> </ul>   | <b>Ward Committee</b>                               | <ul style="list-style-type: none"> <li>- Maintain roads and bridges (LSGA Arts. 25, 93)</li> </ul>   |
| <b>Ministry of Science, Technology and Environment</b>     | <ul style="list-style-type: none"> <li>- Issue guide lines/directives for IEE/EIA and approve EIA for road projects</li> </ul>  | <b>Ilaka level, service centers</b>                 | <ul style="list-style-type: none"> <li>- Examine and prioritize programs and projects that are submitted by VDCs/municipalities and make recommendations to different subject specific plan formulation committees at DDC level</li> </ul>  | <b>Ward Citizen Forums (WCFs)</b>                   | <ul style="list-style-type: none"> <li>- Prepare compile, integrate and prioritize different projects/ programs received from different communities/groups from settlement and neighborhood levels (RMOMG section 20)</li> </ul> |
| <b>Financial Comptroller General Office (FCGO)</b>         | <ul style="list-style-type: none"> <li>- Release budget according to authorization letter of MoF, and other ministries</li> <li>- Treasury management, tracking and FMIS</li> </ul>   | <b>District Technical Office (DTO)</b>              | <ul style="list-style-type: none"> <li>- Provide technical support to LBs for planning, implementation, supervision, monitoring, evaluation and reporting</li> <li>- Prepare district specific norms and specifications and establish quality control labs or ensure quality control</li> <li>- Support local mechanisms for ensuring technical quality, develop guidelines and manuals for DDCs and other LBs</li> <li>- Prepare cost estimates, bid documents, design, drawings,</li> </ul> | <b>Community groups and users</b>                   | <ul style="list-style-type: none"> <li>- Identify and submit projects to WCFs</li> </ul>   |

| CENTRAL GOVERNMENT LEVEL   |   | DISTRICT LEVEL                                     |  | VILLAGE/MUNICIPAL LEVEL                     |   |
|--|---|--|--|---|---|
| Institutional stakeholder  | Main roles and responsibilities   | Institutional stakeholder                          | Main roles and responsibilities  | Institutional stakeholder                   | Main roles and responsibilities   |
|  |   |  | <p>agreement documents, measurement books, and other construction related documents and submit for approval to respective agencies for management and final payment activities</p> <ul style="list-style-type: none"> <li>- Conduct technical supervision of local level infrastructure projects and prepare cost variations</li> <li>- Prepare progress reports and forward to respective agencies, including DDCs and DoLIDAR</li> </ul> |   |   |
| <b>Department of Local Infrastructure Development and Agricultural Roads (DoLIDAR)</b> | <ul style="list-style-type: none"> <li>- Provide technical support to LBs to fulfill the objectives of the LIDP and national strategies.</li> <li>- Provide technical supervision of programs and projects implemented by LBs, GoN and different DPs</li> <li>- Provide technical support for maintaining quality and developing professionalism and competency of LBs</li> <li>- Establish linkages with other technical departments for quality outputs</li> <li>- Provide technical support for preparation of DTMPs</li> <li>- Planning, budgeting, implementation, monitoring and reporting along with technical guidance and follow-up</li> <li>- Provide technical support to MoFALD to formulate local infrastructure policies/strategies and operational guidelines for LBs</li> <li>- Support LBs for capacity</li> </ul> | <b>District Treasury Comptroller Office (DTCO)</b> | <ul style="list-style-type: none"> <li>- Release approved budget at local level</li> <li>- Handle single treasury account</li> <li>- Fund tracking, FM, operate FMIS</li> <li>- Submit periodic financial reports to central FCGO</li> <li>- Conduct internal audits of government accounts</li> <li>- Coordinate account related officials at local level</li> </ul>  | <b>Construction committees, User Groups</b> | <ul style="list-style-type: none"> <li>- Facilitate participation by users of services</li> <li>- Promote inclusive, representative and gender friendly construction committees for project implementation</li> <li>- Establish monitoring committee during construction</li> <li>- Conduct public audits</li> <li>- Conduct local procurement of goods and services</li> <li>- Collect service charges</li> <li>- Report to concerned LBs (LSGA Arts. 49,119 and 209)</li> </ul> |

| CENTRAL GOVERNMENT LEVEL                  |   | DISTRICT LEVEL  |  | VILLAGE/MUNICIPAL LEVEL   |                                 |
|---|---|---|--|---------------------------|---------------------------------|
| Institutional stakeholder                 | Main roles and responsibilities   | Institutional stakeholder                             | Main roles and responsibilities  | Institutional stakeholder | Main roles and responsibilities |
|   | <p>development, human resource development and training for DTOs</p> <ul style="list-style-type: none"> <li>- Develop manuals, guidelines, technical norms, standard specifications related to local infrastructure services (LIDP responsibility matrix)</li> <li>- Coordinate with different departments, LBs and other stakeholders concerning local infrastructure</li> </ul> |   |  |                           |                                 |
| <b>Department Of Roads</b>                | <ul style="list-style-type: none"> <li>- Implement activities related to the strategic roads network through its 5 regional and 25 division offices</li> <li>- Carry out road construction activities that are under jurisdiction of LBs under budget heading 249</li> </ul>  | <b>I/NGOs</b>   | <ul style="list-style-type: none"> <li>- Social mobilization, group strengthening and capacity development</li> <li>- Support for basic services along road side corridors (LSGA Arts. 47, 51, 115, 120, 204, and 209)</li> <li>- Carry out local level activities by partnering with LBs</li> </ul> |                           |                                 |
| <b>Steering or Coordination Committee</b> | <ul style="list-style-type: none"> <li>- Review project progress reports and take necessary action to deal with project specific implementation issues</li> </ul>   | <b>Private sector (contractors, consulting firms)</b> | <ul style="list-style-type: none"> <li>- Provide services for the implementation of road construction</li> <li>- Provide consulting services for designing, supervision and technical quality control</li> <li>- Conduct IEE/EIA, monitoring and reporting</li> </ul>                                |                           |                                 |









